



EDITED BY JIANWEI WANG AND WEIQING SONG

CHINA, THE EUROPEAN UNION, AND THE INTERNATIONAL POLITICS OF GLOBAL GOVERNANCE

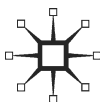


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PREFACE

While on his European tour in March and April 2014, the Chinese president, Xi Jinping, expressed his opinion on cultural difference in his speech on China-EU relations at the College of Europe in Bruges, Belgium:

The Chinese people are fond of tea and Belgians love beer. To me, the moderate tea drinker and passionate beer lover represent two ways of understanding life and knowing the world, and I find them equally rewarding. When good friends get together, they may want to drink to their hearts content to show their friendship. They may also choose to sit down quietly and drink tea while chatting about their lives.¹

The tyranny of geographical distance is powerful. People living far from each other may appear, behave, and even think differently. Xi's words may inspire those who wish to experience and compare different cultures. The Macao Special Administrative Region (SAR) of China provides a unique situation with regard to cultural differences. Tiny in size, Macao is around 30 square kilometers, and has served as the intersection between East and West for about 400 years. Macao's history as a Portuguese colony led to its position as the only effective entrepôt for exchanging both goods and ideas between China and the West, until the rise of Hong Kong in the mid-nineteenth century.

We, the two editors of this volume, have as residents of Macao the good fortune to be immersed in the amazing synthesis of Chinese and European cultures, found in a wide variety of aspects, from the juxtaposition of very different architectural styles to deliciously hybrid Macanese food. While we enjoy these cultural delights, as specialists in international relations we are also well aware of the real political implications of these differences and the importance of mutual understanding. A lack of such understanding can be serious and significant in the hard reality of international politics.

Today, people can no longer live in isolation, without knowledge of those in other parts of the world. In our era of globalization, different cultures, countries, and peoples are increasingly bound together by irreversible trends and forces. US dominance has been challenged as other powerful entities

emerge, and globalization has triggered a plethora of new issues, particularly that of global governance. China and the European Union (EU) play important roles in both of these trends. The subject area of this edited volume is the interaction between China and the EU in contemporary international relations, focusing on their respective roles and on institutions and issues of global governance.

This edited collection aims to provide cutting-edge analyses on China and the EU, two major world powers, from the perspective of international relations in the arena of global governance. In this, we address both comparative and relational aspects. Global governance is the object to be investigated and also the conceptual tool used for analysis throughout the volume. In comparison to traditional perspectives on international relations, global governance is a more heuristic approach, able to describe and capture the ever-accelerating transformation of current world politics. This book will appeal to scholars and students of international relations, Chinese and European studies, policymakers, and those interested in Sino-European relations in general, Chinese foreign policy, the EU, global governance, and international relations.

The editors are indebted to many individuals who were helpful, in various ways, in the completion of the book. First, we wish to thank the European Union Academic Programme Macao (EUAP Macao), a joint initiative of the EU and the University of Macau, which aims to disseminate knowledge and raise the visibility of the EU in the region. Our gratitude is not only for its generous financial sponsorship but also for its objectives, which inspired and motivated us in our project. We also thank the team of academic colleagues who accepted our invitation, joined us from different parts of the world, and worked together to complete this enterprise. We also wish to thank the group of managers, administrative staff, and graduate assistants at the University of Macau for their indispensable support and assistance, and Rachel Krause and Veronica Goldstein at Palgrave Macmillan for their helpful editorial assistance.

Note

1. https://www.coleurope.eu/sites/default/files/uploads/event/speech_by_xi_jin-ping.pdf, accessed online on August 21, 2015.

INTRODUCTION

NEW PLAYERS AND NEW ORDER OF GLOBAL GOVERNANCE

Jianwei Wang and Weiqing Song

Dramatic Changes of Global Context

The global political system has experienced various ongoing and profound transformations since the end of the Cold War in the early 1990s. In general, two themes particularly stand out: the reconfiguration of power relations on a global scale and the accelerated process of globalization, leading to the rise of various global issues, which demand effective solutions that are often beyond the remit of individual states. These two concurrent themes have led to dramatic changes in post-Cold War world politics.

Immediately after the Cold War, nation-states were collectively affected by the unipolar system of the American hyperpower. This unipolar structure is now moving toward a more multipolar system. The United States is still undoubtedly the dominant power, but it has been undergoing a relative decline. Numerous established and emerging powers are increasing in status, such as the traditional Western powers of Germany, the United Kingdom, and France, and also Japan, whose traditional influences and advantages enable them to retain their global position. Russia has inherited much of the power of the former Soviet Union and asserts itself as an important state in the international arena. More noteworthy, a group of non-Western emerging powers from the developing world, including China, India, and Brazil, are also moving up the ranks of the global powers.

This first trend is not unprecedented in history, but the process of globalization and its consequences have brought entirely new experiences and challenges to the contemporary world. Advancements in technology, particularly in communication and transportation, have brought different parts of the world ever closer together, to an unprecedented degree. Instantaneity and deterritorialization have become popular concepts in globalization

studies.¹ Interdependence is now commonplace, as it is part of the ordinary life of tens of millions of people across the world. The processes of globalization have affected security, and the economic, social, and cultural aspects of life, along with local, national, regional, and global systemic tiers. These processes have led to both positive and negative global issues, requiring solutions beyond individual states as the issues themselves are very often beyond state boundaries.

In this global environment, the rise of China and the emergence of the European Union (EU)² as a global power are both extremely important to contemporary international relations. China's growth or, as many analysts argue, its revitalization, represents a major shift in power relations and global geopolitical patterns. Given China's huge population and territory, and its unique history and culture, the effect on the theory and practice of world politics is unusual.³ The EU is the result of an unprecedented integration of European states. It appears to be a conventional organization of international sovereign states, but actually goes much further, as it pools national resources and capabilities. The result is that the EU, similar to many other great powers, is to some extent able to exert influence well beyond its borders.

China and the unique collective of the EU have both begun to assert their respective power in world affairs, and participate in global governance through various transboundary issues. This development deserves particular attention from the academic world, due to its theoretical and political significance. However, the topic of Sino-European relations in global governance is not well studied. Through a serious examination of these new players in the governance of global affairs, we attempt to address this. In essence, we compare both powers, and examine their interactions when facing the same pressing global issues, but we must first discuss the broader context of contemporary world politics, including the rise of China and its increasing international power, the emergence of the EU as a global force, and also the effect of the United States on Sino-European relations.

China's Assertion in the New World Order

By various measures, China is currently a significant global power, politically, economically, and militarily. Its international influence has expanded accordingly, both globally and regionally. In recent years it has searched for an appropriate foreign strategy for developing its external relations in a global sense. Through examining the Chinese leadership's overall strategic position over time, analysts can discern a clear line of evolution in strategic thinking and policy practice. Immediately after the end of the Cold War, the late Chinese leader Deng Xiaoping offered the widely known "28-Character"

strategy to guide Chinese foreign policy.⁴ Initially, the emphasis was on the principle of *Tao Guang Yang Hui* (to conceal one's capabilities and bide one's time), along with *Jue Bu Dang Tou* (never claim leadership). Since the late 1990s, however, the "conceal" and "bide" principles have been increasingly combined with *You Suo Zuo Wei* (to make a modest contribution). The Chinese government has also frequently articulated the term "responsible great power" within the international community, to express its desire for more active international involvement and participation. The concept of a "peaceful rise" was officially adopted by the Chinese leadership at the beginning of the twenty-first century. From the development of this official strategy, an underlying theme can be identified: China is determined to strengthen its overall capabilities and expand its international influence by adhering to a cautious approach in handling its external relations.

At a practical level, the current Chinese government has defined "four major dimensions" to its comprehensive foreign policy for the new century: great powers as the key, neighboring countries as the priority, developing countries as the basis, and multilateralism as the important venue.⁵ Through this comprehensive approach, China has begun to implement more active policies toward selected states, regions, issues, and venues. Great power diplomacy targets countries with the most power, predominantly in the Western developed world, of which the United States is the most important. Chinese policymakers also identify other major powers, including Japan, Russia, and the three EU member states of France, Germany, and the United Kingdom. Given their status and influence, relations with these Western powers are crucial to Chinese national interests. However, Chinese leaders admit that difficulties exist in developing relations with most Western powers, due to various differences and divergences. Recently, the concept of "new types of great power relations" has been adopted, emphasizing interaction and cooperation on the basis of equality and mutual benefits.

Neighborhood diplomacy is another key dimension in China's overall foreign policy. In this, geographically near countries are targeted. The Chinese leadership is determined to construct a favorable environment in its immediate neighborhood. In October 2013, the standing committee of the Chinese Communist Party (CCP) politburo held a Conference on the Diplomatic Work on Neighboring Countries, the first conference to address foreign policy toward neighboring countries. This demonstrates the importance attached to the issue by the Chinese leadership. There is a commitment to promoting friendship and partnership with their neighbors, consolidating friendly relations, and deepening mutually beneficial cooperation with them, thus ensuring that China's development will bring mutual benefits.⁶ China has, however, suffered major obstacles in the smooth implementation of this policy, mainly due to territorial disputes with several neighboring

countries, particularly India, Japan, the Philippines, and Vietnam. Tensions over some of these disputes have in fact intensified in recent years. Analysts have no reason to be optimistic about the possibility of solving these disputes in the foreseeable future. China's neighbor diplomacy is therefore to some extent structurally weakened.

As an alternative, China has attempted to strengthen relations with the wider developing world, focusing on countries that are of strategic significance to its national interests. These include emerging regional powers and regional blocks in Africa, Latin America, and Southeast Asia. Regarding itself as a major leader of developing countries, China claims its intentions are to increase unity and cooperation with other developing countries, work with them to uphold their legitimate rights and interests, and support efforts to increase their representation and voice in international affairs. As a "reliable friend and sincere partner,"⁷ China has carried out intensive diplomacy on continents near and far, both in groups and bilaterally.

Multilateral diplomacy is also a major focus. The Chinese government has come to realize that its national interests have been increasingly intertwined with the outside world through complex interdependencies. First, a stable and amenable external environment is crucial to China's strategic focus on national development. Second, protection of its ever-growing overseas interests entails direct participation in external coordination. Multilateralism is generally an effective measure for coping with a wide variety of common demands and challenges. The report of the CCP's Eighteenth Plenary Committee explicitly states that such multilateral venues as the United Nations (UN), the Group of 20 (G20), the Shanghai Cooperation Organization, and Brazil, Russia, India, China and South Africa (BRICS) are prioritized in China's endeavor to "make the international order and system more just and equitable." China's diplomacy cannot be separated into the four defined areas. Strategic planning and diplomatic practice are instead carried out across the different areas. In this regard, its relationship with Europe is directly connected with its participation in multilateral participation and great power diplomacy.

Sino-EU Relations in a Globalized World

The fundamental shift of great power relations and continuing globalization has led Europe, like other parts of the world, to experience a process of profound changes and readjustments. This process includes drastic changes in social, economic, and demographic patterns; a relative decline of European states in global power status; and the deeper and wider development of European integration. Facing new situations and challenges, European states have attempted to reassert themselves on the world stage,

both individually and through the collective actions of the EU. The traditional European powers of France, Germany, and the United Kingdom have managed to retain substantial resources, capabilities, and international influence, while the EU, as an unrivaled international group of sovereign states, has a unique and active role in global affairs. The EU serves as a significant reference point for regional initiatives in the global arena, and has also emerged as a new and multidimensional participant, actively shaping and influencing the emerging global governance complex.⁸

In the new global system, the relationship between the major emerging power of China and the EU, with its newly defined role, becomes an important object of both policy and analytical significance in contemporary international relations. The Sino-European relationship has fluctuated, but it is becoming mature and substantial, and increasingly recognized in the foreign policy agenda of both sides in the post-Cold War era. The thawing of political relations in the late 1990s was in part driven by and also contributed to their increasing social, economic, and trade relations. There has, in general, been a sustained period of steady development. The EU has taken note of China's domestic development, its international influence, and the effects of this on Europe. In response, the EU has consistently implemented an official engagement policy toward China. It aims to build a long-term relationship, reflecting China's global influence, and develop comprehensive cooperative projects that enable the EU to have input into China's development. From the Chinese point of view, the importance of Europe is not perceived in a consistent way. Nevertheless, Europe has always been valued as a major economic partner for bilateral trade, and a source of technology and investment. In recent years, Chinese policymakers and analysts have begun to see Europe as a target of its outflow investment and a potential partner in political and security matters.

That said, several issues inhibit the further development of Sino-European relations and cooperation. Many countries in the Western world, including European states, are cautious about the rise of China and the possible consequences of that. They are uncertain about China's socioeconomic and political models, and its foreign and strategic intentions. Some even feel threatened by Chinese growth. This has manifested in real political problems between the two sides, with issues of security and political suspicion, and trade and economic friction. The "market economy status," arms embargoes, and the human rights situation in China are often causes for concern.

The United States is still the biggest outside factor that deeply influences Sino-EU relations. It has a significant effect on both Europe and China, both of which invest a huge effort in their relationship with the United States. To some extent, China's relationship with the EU is based on the stability and development of its relationship with America. This is similar for the

EU member states, and in fact all global powers prioritize relations with the United States, while those with others are based on geographical distance. China's relationship with America is the most important consideration in its foreign policy decisions. For the EU, the Atlantic Alliance is more important than its relationship with China when considering policy decisions. The arms embargo issue is a typical example, in which the initiative to lift the embargo against China completely disappeared from the EU agenda for certain EU members, following strong American opposition. The United States sees China as a serious challenge to its position in the international system, and in this regard is keen to keep the EU as an ally, due to their shared values and similar systems. The Transatlantic Economic Council meetings have discussed "how to cope with challenges from China" many times. The EU is more than willing to work with the United States to "more effectively persuade China" to comply with international trade rules.⁹

Most profoundly, the strategic visions of China and Europe diverge. The Chinese government emphasizes in its policy paper concerning the EU that there is no fundamental conflict of interest between the two sides and that they have more common ground than they have differences. This is the most important factor in China's strategy toward the EU, and also illustrates the main advantage that China believes this relationship has over others. Chinese analysts argue that there are few historical liabilities between China and the EU, in spite of the still-present memory of European aggression and colonization in modern Chinese history. More realistically, the EU does not seek hegemony around the world. Rather, it fervently promotes effective multilateralism in global affairs. For Chinese strategists, this is the main difference between the EU and the United States.¹⁰ In contrast, China is perceived in the West more as a "Hobbesian" state in the international system. For China, the world is essentially hostile, and it has to act on its own to fight against it, instead of actually being part of it. China does not perceive the EU as a strategic competitor as it does the United States, primarily because EU countries do not have substantial geopolitical and strategic interests in the Asia Pacific region. China's view is that the EU's concern about global governance has mainly to do with exporting its own values and models, and maintaining its preferred international order. Thus, China generally views the EU as an important partner in the multipolar international system, dominated by a small group of powerful players. This traditional balance-of-power system can be an effective method of containing American hegemony, to a certain degree. However, this is simply one-sided wishful thinking, as the EU members do not have the appetite to play this game of power politics. While the EU and China diverge on many issues, they engage in effective cooperation on many others. This is increasingly the case as both sides face the pressing issues of globalization.

Conceptual Tool of Global Governance

Compared with traditional international relations (IR) perspectives, the concept of global governance provides a new and unique way of examining international relations, like those between China and Europe. First, global governance is important analytically, as it is an organizing concept, bringing together numerous observable phenomena of players, structures, processes, and consequences of contemporary global politics. Alternative concepts, such as international or transnational relations, are narrow as they restrict analysis to either the relations between states or the transboundary relations between nonstate players. The term “global governance,” in its broadest sense, includes worldwide transboundary interactions between a wide array of participants, and various policy levels.¹¹ Furthermore, the global governance perspective distinguishes itself from more traditional notions of international politics by explicitly pointing to a greater variety of steering mechanisms and spheres of authority, thereby better reflecting the reality of contemporary world politics we see today.

The concept of global governance is also used for normative purposes. In its definition of political actions, the Commission on Global Governance clearly advocates more cooperation among governments, more cooperation among governmental and nonstate players, more coordination within the framework of the United Nations systems, and a central position of people within politics.¹² In other words, global governance is regarded as a political program, demanding actions taken on the basis of moral consideration. Various normative issues arise around the global governance debate. In particular, there are the two priorities of legitimacy and effectiveness. The first stresses normative concerns about sources of authority and effects on democracy and accountability. The second emphasizes the pragmatic concern of problem solving. Participants diverge on various priorities and concerns. In this way, the concept of global governance can be used to analyze the relationship between China and the EU in the globalized world.

China and the EU are both major participants in global governance. Analysts make predictions regarding the possible paths China may take in its international participation and the subsequent effects. Will China be further socialized into the Western-dominated system of global governance? Will it challenge this established system?¹³ Most probably, China will take a middle way between the two. While China continues to assume selective global practices and norms, it also articulates its desire and right to be at the table when others are rewritten.¹⁴ From the Chinese point of view, this pick-and-choose approach is rational and necessary, as it fulfills China's national interests without its being subsumed by the West, and avoids direct confrontation with existing Western powers.

For the EU, including most of its member states, global governance is a desired political program. The EU is itself a multilateral organization, and represents a mature form of multilateral governance with national, regional, and local diversities. Its goal is to increase regional convergence at the European level.¹⁵ Most observers would be impressed by the consolidation of a highly sophisticated set of common institutions and regimes among an increasing number of sovereign states, sharing several common interests, objectives, values, and policies. This mature organization is now able to exercise its influence internationally, and export its own model of multilateral governance globally. Its articulation of norms, rules, and standards, and its exercise of international influence have been demonstrated through its active participation in a number of areas and venues.

Understandably, these major participants in global governance differ to some degree in their aspirations and priorities, approaches and mechanisms, and roles and statuses. Some scholars postulate that in adhering to the traditional mind-set of state sovereignty, China lobbies hard to promote its state-centric model of global governance. While this may be appealing to developing nations, it necessarily clashes with the existing system of global governance endorsed by Western countries.¹⁶ This argument has motivated analysts of Sino-European relations to compare the two players and examine their interactions when they argue for their specific models of global governance. With this in mind, the purpose of this volume is to invite a group of IR experts from relevant disciplines to unravel some of the specific and important questions concerning Sino-European relations, from the perspective of and within a coherent analytical framework of global governance. We have identified a number of key questions. What are the implications of the rise of China for Sino-European relations and global governance? How can China and the EU find their respective places in the emergent multipolar world? What are the differences and similarities between Chinese and EU strategies, approaches, and policies to global governance? What are the main frameworks and areas in which the two players interact? What is the nature of this interaction? Under what conditions are China and the EU most likely to cooperate? When successful, what are the respective contributions of China and the EU? When not successful, what are the main problems and obstacles? What are the outcomes and prospects of China-EU relations for global governance?

Organization of the Edited Volume

The first part of the book is made up of three chapters, consisting of theoretically based discussions on the comparison and interactions between China and the EU, in the context of global governance. Li, Christiansen, and Jørgensen and Wong examine this topic from the realist, liberal, and social

constructivist traditions, respectively. Li emphasizes the power variable that can hinder cooperation between China and the EU in global governance. Christiansen focuses on the importance of institutional settings, bringing together the EU and China through their common interests and preferences, and for possibilities of future collaboration. Unlike the rationalist approaches, Jørgensen and Wong are interested in ideational factors in China-EU relations. They argue that self-perception, relative identity, and the perception gap between the elites and the masses on both sides have significant effects on foreign policy choices. Through their different assumptions, these three theoretical traditions in studies of international politics each have their respective views on the nature, explanation for, focus, and solutions regarding the issue of global governance, and comparisons and interactions between China and the EU. The first part provides the framework for the empirical chapters in the following two parts, which may explicitly or implicitly adopt one or more of the theoretical approaches in their analyses.

The second part is composed of five chapters comparing the roles of China and the EU, and their interactions in global governance through major international institutions. Despite varying degrees of status and influence, both China and the EU participate in several major global institutions, including the UN, the G20, global institutions (the World Bank, the International Monetary Fund (IMF), the regional development bank, and so on), the World Trade Organization (WTO), and the Asia Europe Meeting (ASEM). These institutions differ in scope, institutional maturity, prestige, regional orientation, resources, and many other aspects, but they provide valuable opportunities for studying the roles and interactions of China and the EU in global affairs. Jian and Chen discuss China and the EU's relations in global governance under the UN framework. Interestingly, there is modest cooperation in security and development areas, but they have divergent or competitive positions and approaches on many others. Liu and Breslin's chapter focuses on China's and the EU's roles in the G20, a nascent global institution that has brought together the world's most powerful players. However, there is little evidence to suggest that the EU and China have attempted to shape the agenda through concerted action on the issue of international financial market regulation, which is preferred by both sides. Cooperation between the two has been hindered by several deep-rooted factors. Burnay and Wouters' contribution examines the EU's and China's roles in the WTO, the pillar of the global governance of international trade. The authors argue that, in this most-regulated and institutionalized area, power politics and imbalances in the Accession Protocol challenge fundamental aspects of the international rule of law, seen in the interactions between the EU and China in the case of the WTO's Dispute Settlement Body (DSB). In his chapter, Chan explores the areas where China and the EU meet to

cooperate or compete with each other in managing global financial affairs through the IMF at global and regional levels. Chan argues that despite the rise of China, the country's ability to contribute to global financial governance is relatively limited and uneven. This is mainly due to the structure of the global financial system, which favors the dominance of the EU and the United States. Zhu's chapter provides an analysis of the participation of China and the EU in the ASEM. He argues that as an interregional forum, the ASEM's multilateral utility for global governance depends upon the interregional strategies and policies of its members from both Europe and Asia. The EU and China participate in the ASEM process, but have their own versions of interregionalism, which are different with regard to the main functions, in varying degrees. To contribute further to global governance, both sides must realize that problem solving should take precedence over considerations of power and identity.

The third part concerns the interactions between China and the EU in five major areas of global governance: traditional and nontraditional security, climate change policy, human rights protection, and development policy. These areas are selected due to their importance from the perspective of global governance and their relevance for China and EU relations. Attinà compares the EU's and China's approaches to traditional security, focusing on three specific issues of global security: multilateralism, regional security arrangements, and nuclear nonproliferation. While sharing many common objectives, the two players greatly differ in other aspects such as status, power and resources, and preferences and strategies. Fanoulis and Kirchner's chapter shifts attention to nontraditional aspects of security, and argues that both the EU and China have made efforts to promote global security governance. The two players exhibit their respective interpretations and practices in several empirical cases. Bo and Torney examine the roles and interactions of China and the EU in global climate change governance in their chapter. They assert that the two players have both convergence and divergence on the issue, particularly on the principle of common but differentiated responsibilities (CBDR). Their respective approaches are likely to have a significant bearing on the outcome of the post-2015 climate change negotiations. Geeraerts's chapter probes the issue of human rights, one of the most sensitive issues in EU-China relations. For years, the EU has made a cautious yet consistent effort to influence China on the values and principles it considers universal. With China's rise, this effort has become increasingly fruitless, as China is much more confident in its development model. For a more useful exchange on the issue and better bilateral relations in general, the author suggests that the two players should both be more pragmatic in handling the issue, which must be based on a deeper mutual understanding. The analysis of Wissenbach and Wang concerns the participation of the EU and China

in global governance in the field of African development policy. From the main IR theoretical perspectives, the approaches and policies of the EU and China are compared, leading to discussions on the opportunities and challenges of development governance, including cooperation and noncooperation between the two major powers in various institutional frameworks.

Notes

1. A. McGrew, "Globalization and Global Politics," in J. Baylis, S. Smith, and P. Owens (eds.), *The Globalization of World Politics: An Introduction to International Relations*, 4th ed. (Oxford: Oxford University Press, 2008), p. 18.
2. The European Union here is defined as the grouping of the EU member states both individually and collectively. Thus, Sino-European relations concern those between China and both the EU and its member states.
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CHAPTER ONE

CHINA-EU RELATIONS: RIVALRY IMPEDES STRATEGIC PARTNERSHIP

*Mingjiang Li**

China-European Union (EU) relations have been stable and growing steadily since the mid-1990s, prompting significant optimism in both China and Europe until a few years ago. The momentum of the Sino-EU comprehensive engagement was since 9/11, particularly in the wake of the Iraq War, that the United States began to worry that the Sino-EU partnership would weaken the transatlantic alliance.¹ In 2004, David Shambaugh, a seasoned China watcher, even raised the issue that China and Europe might forge an axis in global politics.² Others speculated whether China and the EU would attempt to develop an “exclusive partnership.”³ In recent years, however, bilateral ties have been increasingly challenged by a number of problems. Sino-EU relations are becoming increasingly more fluid and complex. Observers who were optimistic have now started to be concerned about the long-term prospects for Sino-EU ties.⁴ Other scholars are questioning whether China and the EU can really join hands to shape a new world order.⁵ Indeed, nowadays, negative reports and not-so-sanguine views frequently appear in news reports, various forums, and the remarks of political leaders. From all accounts, it seems that a new dynamic is emerging in Sino-EU relations, generating significant uncertainties in the bilateral ties.

This chapter attempts to address the following question: why has the development of the Sino-EU strategic partnership been disappointing and frustrating? I argue that the lack of notable progress in the China-EU strategic partnership has to do with the basic fact that there are many realist elements in the bilateral ties. In other words, competition, rivalry, and different interests have hindered the development of Sino-EU relations. The shifting strategic underpinning in bilateral relations, differences in values, friction in economic relations, and the widening social perception gaps have become more salient.

More profoundly, perhaps, the EU-China relationship is not guided by any clear direction because the previous *modus operandi*, which may be best characterized as working together for the pursuit of common interests, has run out of steam and needs to be reexamined. And this process of reexamination has gotten entangled with the changed circumstances, for example, the growing Chinese power and influence in Europe and other parts of the world, especially in the context of the financial/economic crisis.⁶ China-Europe ties are entering a new period in which both sides will be more willing to raise issues based on different concerns and interests, but at the same time will attempt to maintain a normal partnership. Cooperative relations fraught with friction and contention are likely to be the reality in Sino-Europe relations in the near future.

The Changing Strategic Dynamics in Sino-EU Relations

One can plausibly argue that China's relations with Europe have always been shaped by the two sides' global strategic interests. Between 1949, when the People's Republic of China (PRC) was founded, and the late 1980s, the relations between China and Western Europe (and Eastern Europe to a lesser extent) were largely shaped by Cold War international dynamics, particularly by China's changing ties with the two superpowers. China and the EU set up official ties in 1975. In the next decade or so, dealing with the Russian bear was the common strategic goal for China and Western Europe. As China's late leader Deng Xiaoping told the visiting European Commission president, Roy Jenkins, in February 1979, "You hold the bear by its forepaws where he bites, and we hold him by the hind paws where he kicks."⁷

Since then, the two sides have enjoyed quite stable relations with the exception of a few years after the Tiananmen Incident in 1989. The steady development of bilateral ties since the mid-1990s is manifested in the array of official documents publicized by the EU, joint statements issued by the leaders of the two sides, the establishment of numerous dialogues and consultation mechanisms, and most importantly, an amazingly long list of cooperative projects that the two sides have carried out.⁸ Common economic and trade interests have played a pivotal role in pushing the two sides together. In engaging China, the EU has also desired and attempted to transform China, helping China understand and observe international norms, improving the rule of law in China, and encouraging the Chinese government to respect human rights and political pluralism. It should also be emphasized that another important pillar that has supported the China-EU partnership is strategic considerations from both sides. These strategic calculations originate from their similar preference for a global order, approaches to major international issues, and their own roles in

international politics. To put it bluntly, both sides wanted to use the other party for the realization of three realist objectives: transforming the global system to its favor, upgrading its own international standing, and resolving international problems in its preferred way. To achieve these strategic goals, the EU and China have to deal with a common political “adversary”—the hegemonic United States.

The fact that at the global and regional levels, the two sides have no conflicts related to fundamental security interests has made it possible for them to cooperate on global strategic issues.⁹ China and the EU share the same or similar views on many international issues, in particular, since 9/11. Both sides envision a diversification of power in the international system instead of a unipolar structure, advocate multilateralism as an approach to solving various international problems in opposition to advocate unilateralism (instead of unilateralism) as an approach to solving various international problems, attempt to uphold the authority of the United Nations (UN), and favor diplomatic and peaceful means for dealing with potential international conflicts instead of the preemptive use of force. Both parties want to play a more important role in international affairs. Both feel that their diplomatic weight would be significantly weakened without the partnership of the other. “If China and the EU manage to build a friendly and fruitful strategic partnership, they can do a lot to bring about a multilateral world.”¹⁰

China values its relationship with European countries and regards such a connection as an important hedging strategy against the always-fluctuating Sino-Japanese and Sino-US relations. China understands that few Europeans subscribe to either the “China threat” thesis or the “China collapse” prediction. The political apprehension toward the rise of China in Europe is much less conspicuous than in the United States, Japan, and other parts of Asia. “Europeans tend to see issues in shades of gray, rather than in black and white. Being less religious than Americans, they are also less inclined to judge in terms of rights and wrongs.”¹¹ Overall, the EU regards the rise of China as a positive development in international relations, while China perceives its relations with the EU as the most problem-free bilateral relationship among China’s relations with all major powers.¹² Both China and the EU have realized that they can cooperate with each other and that this cooperation will contribute to the elevation of their international status and influence.¹³

In recent years, some signs have indicated a subtle strategic realignment in Sino-European relations. This realignment has to do with the EU’s own reflection on the merits and drawbacks of its previous approach to China and to a less extent, the role of the United States, which, on one hand, facilitates the strategic engagement between China and the EU, and on the other, constrains the further development of a Sino-EU strategic partnership. The latter effect has become more and more prominent in recent years.

At the strategic level, there is notable frustration among EU elite that the Union's previous "unconditional engagement" policy toward China has largely failed. In a comprehensive policy report released by the European Council on Foreign Relations, the EU's China strategy is described as "anachronistic" in that, under the influence of the EU engagement policy China has made little progress in liberalizing its economy, improving the rule of law, and democratizing its politics.¹⁴ The EU's gain from an engagement with China has fallen far below what the major EU states had expected and has been disproportionately asymmetrical as compared to the ways in which Beijing has benefited. The report further argues that China has paid little heed to European values and that today Beijing regularly contravenes or even undermines them. Citing China's decision to cancel the China-EU summit scheduled in December 2008 in response to Nicolas Sarkozy's plan to meet the Dalai Lama, the report notes that China no longer bothers to hide its strength and shows diplomatic contempt toward the EU. On the basis of these assessment, the report calls for a "reciprocal engagement" that would reverse the current trends in EU-China relations. More specifically, China is expected to take action, mostly further opening up its domestic market, to redress the trade imbalance with the EU, to shoulder more responsibilities in meeting various global challenges, and to better coordinate with the EU on policies in Africa. This policy report, of course, does not represent the views of all EU member states or the political elite, but it does capture the growing general sentiment in many EU capitals. Given China's current international priorities and domestic imperatives, it is hard to imagine that Beijing would be willing to make the concessions necessary to meet the EU's expectations.

The development of Sino-EU strategic ties is unlikely to be free from US interference. The intensifying engagement between the EU and China has raised the ire of the United States. According to analysts, the steadily improving relationship between China and the EU poses important challenges and opportunities for US interests. "These developments may not only challenge the U.S. position vis-à-vis China and Europe; they also could contribute to an increasingly competitive, confrontational, and ultimately detrimental deterioration in traditionally strong transatlantic relations, while also further exacerbating persistent mistrust in U.S.-China ties."¹⁵

The EU, in any case, still needs US involvement in European security. The EU and the United States are much closer in terms of culture, values, and political institutions. The EU-United States commonalities regarding their views on China's position in the international community outweigh their differences.¹⁶ After the arms embargo dispute in 2005, the EU and US political elite began to reconcile their divergent views on China.¹⁷ This became all the more evident with the emergence of new leaders in Germany,

France, and Britain. Angela Merkel, Sarkozy, and Brown were far more willing to mend fences with the United States and raise values in their foreign policies, as noted above. Merkel's frequent criticism of China is in sharp contrast to her predecessor Gerhard Schröder, German chancellor from 1998 to 2005, who "visited China six times and Russia 15 times, [and] never spoke publicly about human rights."¹⁸ Chinese analysts fear that the EU will be behaving more and more like the United States in dealing with China. They suspect that the EU tends to lurk behind the United States and thus reap gains after the United States succeeds in pressuring China. A good example is the extra concessions the EU was able to get from China after the United States concluded the agreement with China regarding China's World Trade Organization (WTO) membership. Now, it seems that the EU is doing the same with regard to China's currency reevaluation issue.¹⁹

According to some Chinese analysts, at the global level, the EU is also seeking a hedging policy to avoid the shocking effect of worsening relations with China. For instance, it has been pursuing bilateral free trade agreements with South Korea, India, the Association of Southeast Asian Nations (ASEAN) countries, and Latin American countries as part of its global trade strategy to cope with the challenge from China. The EU also seeks to further strengthen its "transatlantic economic partnership" with the United States as it deals with the growing power of newly emerging states such as China and India.²⁰

The global system is rapidly moving toward multipolarity, a strategic goal on which both the EU and China have collaborated. American power is widely believed to be on a course of relative decline. Washington's role as a global hegemonic leader is slowly diminishing, as evidenced in its not-so-strong response to the Ukraine crisis and persistent doubts about American security commitments in the Asia Pacific. The emergence of new multi-lateral institutions such as the Group of Twenty (G20) and the growing importance of the BRICS (Brazil, Russia, India, China, and South Africa) are also manifestations of the world becoming multipolar. With the common political "adversary"—the United States—losing its unipolar status and being less prepared to pursue unilateralism, will the EU-China strategic partnership become more competitive? Will European powers be willing to concede more decision-making power to a rapidly rising China in global affairs that have traditionally been dominated by the West?

Sino-EU Security Relations: Abundant Goodwill but Little Action

It is certainly true that China and the EU have no fundamental security conflicts, which is a positive factor in facilitating Sino-EU cooperation. But it is also worth noting that the two sides have very few specific common

security interests, which leads to very little security cooperation between them. A strategic partnership without any substantive security relationship looks odd, to say the least.

As a matter of fact, China and the EU have agreed to engage in a political dialogue mechanism, which is supposed to cover security issues as well. When the EU and China decided to establish a strategic partnership in 2003, security issues were supposed to be included in bilateral discussions. Since then, the political dialogues at different levels have addressed security issues, such as nuclear nonproliferation, the security situation in Asia, and various nontraditional security challenges including global warming, illegal migration, and human trafficking. An achievement was the Joint Declaration of the People's Republic of China and the European Union on Non-proliferation and Arms Control issued at the Seventh EU-China summit in 2004. Subsequently, a few working-level meetings were held on nonproliferation and arms control. These cooperative steps took place largely because both sides were opposed to the US invasion of Iraq in 2003. Unfortunately, an array of events in the following years dashed any hopes for substantive security cooperation between China and the EU. These events include the EU placing political conditions for the lifting of arms embargo on China in the EU's 2006 China Policy Paper, the release of Guidelines on the EU's Foreign and Security Policy in East Asia in 2007 (which realigned the EU's security policy closer to that of the United States), and the exclusion of Chinese participation in the second phase of the Galileo Project in 2008. These events took place in the context of growing EU suspicions and anxieties toward China in the mid-2000s.

On nontraditional security matters, the EU and China had at least one joint exercise on antipiracy in the Gulf of Aden in 2014. The two sides also began to show much interest in disaster relief cooperation at the Twelfth EU-China Summit in 2009. In 2012, the two sides launched the EU-China Disaster Risk Management (DRM) Project. The next year, the EU-China Institute for Emergency Management was set up. The two sides also began to cooperate on cybersecurity, setting up the EU-China Cyber Security Task Force in 2012 after the Fourteenth EU-China Summit. In 2014, the EU and China conducted their first-round dialogue on the Middle East and North Africa. The EU-China 2020 Strategic Agenda for Cooperation stipulates a few areas of security cooperation. Despite these steps, EU-China cooperation on nontraditional security issues remains rather superficial.²¹ In many jointly publicized documents, words such as "recognize," "observe," and "welcome" are often used.

A lack of shared interests does not provide strong incentive for the two parties to engage in actual security cooperation. Future cooperation could be seriously clouded by the EU's evolving security positions. For instance,

the Guidelines on the EU's Foreign and Security Policy in East Asia and the US-EU Statement on the Asia-Pacific Region, published in 2012, may be perceived by China as Brussels's endorsement and support of US containment policy against China.²² China's recalcitrant positions on sovereignty and nonintervention also do not bode well for EU-China security cooperation. More recently, a number of territorial and maritime conflicts involving China and some of its neighboring countries in East Asia have generated much skepticism in the EU about China's security policy and China's peaceful development rhetoric.

The issue of EU's arms ban on China is perhaps the best footnote to EU-China security relations. A few years ago, some former European leaders, such as Jacques Chirac and Schröder, openly supported lifting the embargo, but many other European leaders have argued that China's human rights situation has not improved to the extent that merits the lifting of the sanctions. They specifically point to the fact that China has not ratified the United Nations Covenant on Civil and Political Rights. Tibet has also been frequently mentioned as a reason why the embargo should be maintained.

Since the 1990s, Beijing has repeatedly urged the EU to lift the arms embargo. In China's official 2003 Policy Paper toward the EU that was published in 2003, Beijing explicitly called for the EU to lift its arms embargo against China. Sensing the complications of the EU's expansion in 2005, China intensified its efforts to have the embargo lifted. Despite the French and German inclination to repeal the arms embargo, the EU was not able to reach a consensus before May 2005. Chinese analysts have long argued that it is unfair for the EU to maintain the arms embargo. They assert that even North Korea is not on the list of the EU arms embargo. It is simply inappropriate to put China on the list in parallel to Zimbabwe and Myanmar. They also contend that lifting the arms embargo should be perceived as the last step in normalizing China-EU relations instead of a reward to China. It is simply a symbolic action because lifting the embargo does not mean any increase in arms sales to China. This is so since the export regulations of individual EU members and the EU code of conduct on arms exports would still be in effect toward China. Former Chinese Foreign Minister Li Zhaoxing stated that the arms embargo is simply a form of political discrimination against China.²³

Chinese analysts believe that the United States played a decisive role in the arms embargo issue. From 2004 to 2005, US leaders such as former Secretary of State Colin Powell put strong pressure on the EU not to lift the arms embargo. Critics in the US Congress accused Europe of selling out the Atlantic Alliance in order to ingratiate themselves with Beijing.²⁴ A few EU members such as Britain, Poland, Czech, and Latvia served as US "Trojan Horse" in the EU. US president George W. Bush stated that

the United States would retaliate if the EU lifted its arms embargo against China. As a result, the debate on the embargo against China could not reach a consensus.²⁵ The United States justified its opposition on the grounds of China's own military buildup and its threatening posture toward Taiwan: "Americans see the lifting of the embargo not as an enlightened gesture of engagement, but, at best, as the irresponsible pursuit of commercial advantage in the growing Chinese market. At worst, it is a direct threat to the security of the United States and key partners in Asia."²⁶ Some new members of the EU that have a more or less pro-US foreign policy sympathized with US concerns that lifting the arms embargo would further challenge the military balance between mainland China and Taiwan, and entail the possibility of China using the weapons against American interests.²⁷

Other Persistent Obstacles in Bilateral Relations

Despite the importance of China-EU relations and the political will from both sides to further strengthen these ties, more problems have emerged in recent years. These are rooted in differences in values, economic friction, and other concrete issues such as the EU's arms embargo on China, China's market economy status, and global governance. All these current and emerging disputes and differences prompt skepticism about the feasibility of a strategic realignment between China and the EU.

Friction over Values

Human rights have not been a prominent issue between the two sides since the mid-1990s. Unlike the United States, the EU has not adopted a heavy-handed approach toward China's handling of human rights. Instead, the EU has been willing to engage China on human rights, and in fact, the two sides have regularly held dialogues on this issue. For many years, China has appreciated EU's engagement policy on China's human rights.

However, things are changing in recent years. European leaders, not only the big three but also increasingly Eastern European leaders as well, are more willing to openly criticize China on human rights and put more pressure on her. German chancellor Merkel, for instance, visited China in the summer of 2007 and raised human rights as one of her priorities in dealing with China. She then received the Dalai Lama at the chancellery. The Chinese government responded with retaliation, cancelling a few high-level meetings and refusing to attend dialogues on environmental issues and human rights. While the Sino-German rift was reportedly healed in January 2008 by the meeting between the foreign ministers of the two countries,²⁸ the optimism was short lived. The relationship was again severely tested

during the March 2008 Tibetan crisis. The European Parliament in October 2008 presented its top human rights award—the Sakharov Prize—to Hu Jia, a social and political activist in China, right before the opening of the Asia-Europe Meeting in Beijing. China responded ferociously to French president Sarkozy's decision to meet the Dalai Lama in December 2008 by cancelling the scheduled China-EU summit, plunging the bilateral relations to a "new low."²⁹ In the following months, Beijing repeatedly demanded that France "correct" its actions and straightforwardly support China's position on the Tibetan issue. Chinese Premier Wen Jiabao intentionally left France off a tour of several European capitals and the EU headquarters in late January and early February 2009.

Chinese analysts believe that the EU is more prepared to insist on its own values and institutions in dealing with other actors in international politics largely because in recent years, the EU has been clearly demonstrating an effort to become a "normative power." In this context, the EU is more likely to emphasize human rights, democracy, sustainable development, and security in relations with China. The EU is apt to use its normative framework to compel China to further open up its market for European companies, and at the same time put pressure on China to share greater international responsibility in accordance with EU values. Many Chinese foreign policy elites believe that the growth of the EU's normative power and the EU's pressure on China are likely to increase the difficulty in the future development of a Sino-EU strategic partnership.³⁰ What has been insufficiently understood in China is that the EU's increasing focus on China's human rights perhaps also reflects the political frustration in many European capitals: decades of the EU's engaging posture has not produced any notable progress in human rights protection in China.

In fact, the EU's emphasis on human rights in recent years has led to a change in the Chinese perception of the EU. China now realizes that human rights will likely be a persistent issue between itself and the Union. According to a senior analyst at an international studies institute under the Chinese Foreign Ministry, China regards certain EU policies as efforts to contain or constrain China, for instance, some EU states being sympathetic to the "Tibetan independence" forces, the EU opposition to China's passing of the *Anti-Secession Law* in early 2005, and the continuing arms embargo against China. This analyst believes that the EU prefers to see a stronger China, but at the same time is unprepared to see China becoming too strong.³¹ Although the EU has never openly proclaimed any support for Tibetan independence, political elites and many ordinary Chinese people regard European leaders' sympathy for the cause of the Tibetan government in exile as an infringement on China's domestic affairs and an unfriendly act toward China. More alarmist Chinese analysts even regard the EU's human

rights campaign as a residual Cold War mentality and part of its effort to Westernize China.³²

The fallout from the Olympic torch relay in several European cities in 2008 demonstrates the vulnerability of EU-China relations. The Chinese public responded with furor to France's apparent failure to protect the torch. Thousands of Chinese joined protests and campaigns to boycott the French supermarket chain Carrefour. French president Sarkozy soon sent high-profile diplomatic envoys to Beijing to mend fences. However, the Paris City Council extended honorary citizenship to Dalai Lama and Chinese political activist Hu Jia, dashing the positive results of all these efforts. The Chinese Foreign Ministry warned that the Paris City Council's action could only be considered as "another grave provocation of 1.3 billion Chinese people."³³

The Olympic torch and the Tibet issue have inevitably left "deep scars" on both sides.³⁴ A poll conducted by the Pew Global Attitudes Project in the aftermath of the Tibetan unrest reveals that China's favorable image in many European countries has slipped. In France, for example, only 28 percent of the respondents expressed a favorable opinion of China as compared to 47 percent in 2007. In Spain, Germany, and Poland, the percentage of the respondents who held favorable opinions of China were 31 percent, 26 percent, and 33 percent respectively. All these numbers were below that in the United States, which was 39 percent. Concerns about the increase of China's military might, which had been a less salient issue in Europe, have also become far more notable now, with more than 70 percent of the respondents expressing apprehension about China's military power.³⁵ Likewise, in China, ordinary people are quite upset at Europe's political and moral support for the Tibetan government in exile. In the last months of 2008, many people in China called for a boycott of tourism to France. Young Chinese also opposed the decision of the London Metropolitan University to extend an honorary degree to Dalai Lama.³⁶

The human rights issue is not just confined to the bilateral relationship. In recent years, China's expanding profile in Africa has also become a contentious issue between China and the EU. Many analysts maintain that China's increasing influence in Africa poses "a threat to Europe and the United States."³⁷ The West sees China's no-conditions-attached aid policy to Africa, particularly China's military assistance to a number of authoritarian regimes, as sabotaging Western efforts to improve governance in many African nations.³⁸ Due to China's presence in Africa, many nations on that continent are becoming more resistant to Western policy proposals. For example, a majority of African nations rebuffed the Economic Partnership Agreement proposed by the EU at the EU-Africa Summit in December 2007. One reason is because they now have the option of turning to China

for assistance. China's energy diplomacy in Africa has become a contentious issue in an "increasingly ambivalent and complex EU-China relationship of regional and global cooperation, competition and diplomatic conflicts."³⁹

Growing Economic Disputes

Sino-European relations are increasingly strained by economic and trade disputes.⁴⁰ These disputes include trade imbalance, appreciation of the Chinese currency *yuan*, product safety, intellectual property rights, and most importantly, China's market economy status. The essence of these disputes has to do with one of the core notions of realism, that is, relative gain. Both sides are increasingly concerned about the question who gains more in the bilateral economic relations.

The EU is concerned about flooding Chinese imports and the surging Chinese surplus in its trade with Europe. Among the top ten countries with which China has a trade surplus, four are from the EU. Collectively, the EU is the third-largest source of trade surplus for China, next to Hong Kong and the United States. Regarding trade imbalance, China claims that part of it is due to the different methods of statistical data analysis. For instance, in 2005, Chinese statistics showed a trade surplus of \$70.1 billion, whereas EU data showed a deficit of \$132.2 billion in bilateral trade. Chinese analysts claim that the growing trade imbalance is caused by several factors. First, it has to do with the fact that European countries are relatively wealthier and have a strong demand for Chinese products, but China is still a developing country and so its consumption is limited. Second, the imbalance is also largely a result of economic globalization and the relocation of various industries. A large number of foreign investments in the labor-intensive and electronics industries swarmed to China, making the Chinese export sector largely a processing and assembly line. Third, the technological innovation of indigenous Chinese firms contributed to their competitiveness in international trade. Fourth, China's WTO membership also contributed to the country's growing trade surplus. China thus concludes that its currency's exchange rate is not a significant factor in causing the trade imbalance between China and the EU.⁴¹

However, the EU's explanation is vastly different. At the core of the EU complaint is the contention that China has not opened up its market for foreign businesses. The EU complains that its export to Switzerland is even larger than its export to the whole China. The EU is upset that the Chinese government plays a too interventionist role in restricting foreign businesses in China. For instance, both the United States and the EU complain about China's prohibition on foreign companies providing financial information to Chinese users directly.

The issue of the yuan's exchange rate used to be a major US concern. However, more recently, the EU also began to strongly urge China to increase the value of yuan against the euro. On the part of China, it would be very difficult for her to make substantial concessions. According to a senior Chinese trade official, the average profit margin of China's textile exports is only 3 percent to 5 percent.⁴² A sudden appreciation of the yuan would not only further squeeze the profit margin of the textile industry but also, more importantly, would make many low-skilled Chinese laborers unemployed as well. This could be a bad result for the Chinese government, given mounting political pressure on employment.

In recent years, one has also heard a louder voice in Europe criticizing China's protection of intellectual property rights (IPR). European leaders frequently cite the fact that 80 percent of the counterfeit goods seized at their ports originate from China. Peter Mandelson, the EU's trade chief, commented that the Chinese government tolerated the "theft" of the technologies and patents of European companies, while the Chinese retorted by saying that the EU had invented "false problems."⁴³ China contends that it has done its utmost to protect the IPR of foreign companies and that the West simply fails to take note of the progress China has made. Beijing also argues that since it took a long time for the West itself to construct a strong IPR regime, it is simply unrealistic for China to perform perfectly within a short time span of a few decades.

In fact, the Chinese think that their position in trade relations is disadvantaged by the EU's refusal to grant market economy status to China. At the time when China joined the WTO in 2001, it accepted the term of being regarded as a "transitional economy" for a maximum duration of 15 years. China believes that the EU can and has abused China's nonmarket economy status in making various antidumping charges. If China is recognized as a market economy, Chinese firms are trusted to submit their own cost and price data. However, since China is not granted market economy status, the cost and price of goods from China are compared with similar products from other countries in order to determine whether Chinese firms practice dumping. Chinese companies can easily be accused of dumping since few countries boast lower costs than China.

This is why the Chinese government has repeatedly requested and put pressure on the EU to recognize China's market economy status. The EU has categorically refused to do so, but instead granted market economy status for dozens of individual Chinese companies. The EU claims that the Chinese economy is still too heavily influenced by state interference, especially in the financial sector; lacks the rule of law; and suffers from poor corporate governance (in particular, weak accounting rules). Beijing believes that this is unfair since the vast majority of economic activities in China are now determined by market forces. According to a European

study, “although the picture is mixed, there is much about China’s present-day economy—particularly its export sector—that means it deserves MES. The competitiveness of its goods is mainly based on low cost, productive labour rather than subsidies, easy finance or controlled prices.”⁴⁴ But in the current context of intensifying competition in international economic activities, it is hard to imagine the EU will come up with any consensus on granting China a market economy status. Many EU member states, such as Bulgaria, Cyprus, Finland, Greece, Hungary, Italy, Malta, Portugal, Romania, Slovakia, Slovenia, and Spain, value their economic ties with China, but at the same time regard antidumping measures as a useful tool and oppose awarding market economy status for China.⁴⁵

Conclusion

For about a decade since the mid-1990s, China and the EU enjoyed a relationship that has been described as “a honeymoon,” a term that may not have represented the mainstream view in the EU regarding its relations with Beijing but that nonetheless connotes the positive interactions between the two parties in that period. Propelled by common economic interests and strategic considerations, the two parties extensively engaged each other and cooperated quite closely on a variety of international issues. The success of the decade-long engagement led to their mutual expectation of a comprehensive strategic partnership that the two sides started to contemplate in 2003 and that gained new attention in 2006. Ten years later, it is still not entirely clear what kind of strategic partnership they can mutually agree upon.

In May 2004, Chinese Premier Wen Jiabao explained (during a lecture in Brussels) what he thought a strategic partnership meant: “strategic” means that the cooperation should be long term and stable, with a vision of the larger picture of China-EU relations. The relationship should be free from constraints caused by differences in ideology and social systems, and should be immune to the impact of individual events that occur from time to time. “Partnership” means that the cooperation should be equal, mutually beneficial, and win-win, with the relationship based on mutual respect and mutual trust. Both sides should endeavor to expand converging interests and seek common ground on major issues while shelving differences on minor ones.⁴⁶

Using Wen’s criteria as the benchmark for a Sino-EU strategic partnership, we can be reasonably skeptical that such a partnership could emerge in the near future. As the analysis in this chapter shows, both China and the EU have the political desire to maintain a long-term cooperative relationship, but ideology and differences on some specific issues are increasingly straining bilateral relations. How to construct a strategic partnership with China is thus a “serious challenge” for the EU.⁴⁷ Likewise, in China, at both the elite and

popular levels, Chinese perceptions of the EU have also experienced notable changes. There has been remarkable frustration within Chinese foreign policy circles that the EU is increasingly becoming more difficult to placate and that the previous economic diplomacy seems less effective now.⁴⁸

We should also note that a dramatic downward turn in Sino-EU relations is unlikely. For China, the EU will remain to be an important political force with which she has to cooperate to push for the growth of multilateralism and maintain a stable international order. At the strategic level, given the fact that the United States and Japan, and in fact including other major powers in the Asia Pacific such as India and Australia, are distrustful of China, China certainly needs the EU more than the other way around. In this regard, the EU is irreplaceable for China because the former is the largest economic entity in the world, is the largest trade center in the world, is the largest provider of international humanitarian assistance, has a population double that of the United States, has two UN Security Council members, and has two nuclear powers.⁴⁹ Therefore, on the one hand, maintaining a stable relationship with the EU is crucial for China's international standing and active role in global affairs, while on the other hand, the EU will also have to realize that China can play an indispensable role in resolving major international issues, be it on regional security, economic growth, financial stability, or climate change.⁵⁰ China will continue to be of value to the EU if the EU wants to play a more significant part in international politics.

Both EU and China will hold dear to their respective national interests, and economic nationalism is likely to be more assertive in the years to come. The relationship is likely to be negatively impacted by emerging differences. In short, a normal partnership instead of a comprehensive strategic partnership is likely to be the new *modus operandi* in China-European ties.

Notes

*The chapter is partially adapted from the author's previously published paper: Mingjiang Li, "China-EU Relations: Strategic Partnership at a Crossroads," *China: An International Journal*, Vol. 7, No. 2, September 2009, pp. 227–254.

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CHAPTER TWO

A LIBERAL INSTITUTIONALIST PERSPECTIVE ON CHINA-EU RELATIONS

Thomas Christiansen

Introduction

The People's Republic of China and the European Union (EU)¹ are fairly recent arrivals to the international system, both having been established in the aftermath of the Second World War, and both having taken some time before rising to global prominence. However, since 2015 China and the EU have become the top two economies in the world, and they also are each other's biggest trading partners. The year 2015 marked the fortieth anniversary of the launch of diplomatic relations between the two sides, and since 2003, China and the EU have also recognized each other as "strategic partners" (Reiterer 2013).

Economically, both China and the EU are key players in the world, but politically they are still searching for their place in global governance. In different ways, the rise of both China and the EU has challenged the hegemony of the United States since the end of the Cold War, and has fed into the perception that we are witnessing the emergence of a multipolar world. Indeed, in a wider sense, the global significance of China and the EU also raises questions about the post-1945 liberal order, the Pax Americana, yet at the same time both powers are also deeply involved in its structures. Rather than continuing to oppose the status quo, as it had done until the 1990s, China has become increasingly supportive of multilateralism and of the United Nations (UN) system, has joined the World Trade Organization (WTO), has become a champion of the Group of Twenty (G20), and has itself launched a number of multilateral initiatives (Chen 2015). Under the leadership of Xi Jinping, China has continued to develop an assertive foreign policy aimed at enhancing China's economic links regionally and globally, and advancing robustly its territorial interests in the South China Sea.

The EU, meanwhile, has gone through a period of “deepening” its institutional architecture, of “widening” its membership to 28 member states, and of enhancing of its international “actorness”: following the 2009 Lisbon Treaty, a European External Action Service (EEAS) was set up, headed by a “High Representative for Foreign Policy, and the EU has acquired the legal personality that permits it to join international institutions. More recently, the imperfections in its institutional design have come to fore, as the threat of sovereign debt defaults in some of the member states in the eurozone required massive bailouts, emergency reforms, and caused much friction in the decision-making process. Partially as a result of these problems, but also reflecting a longer-term trend, there has been a rise in Euroskepticism and electoral upheaval, as political parties and movements critical of the integration process have entered a growing number of parliaments. Since David Cameron’s election victory in 2015, a referendum is in the cards in the United Kingdom, raising the specter of a British exit of the EU.

In the 2010s, then, a rising China is facing a Europe in crisis (if not in decline). Both sides share many common interests, but are also very different players in world politics. Three aspects in particular stand out in the relationship between China and the EU: first, for their continuing prosperity, both are mutually dependent on trade with one another, and thus have a shared interest in regional and global stability facilitating economic growth. Second, China and the EU have institutionalized their bilateral relations in the framework of a strategic partnership that involves regular summit meetings and a multitude of formal dialogues. Third, both China and the EU have a commitment to multilateralism, but are taking rather different views regarding the role and direction that international institutions should take.

These aspects of the China-EU relationship emphasize the relevance of approaching the analysis from a liberal institutionalist perspective. This chapter seeks to provide such a perspective, which emphasizes the significance of cooperative aspects and the role of institutions in this relationship. It proceeds in the following section by outlining key elements of a liberal institutionalist approach, before looking in more detail at the various institutional mechanisms at the play in China-EU relations. The chapter concludes with an overall assessment of China-EU relations and an outlook on future challenges in this relationship.

Before proceeding, however, a particular aspect of China-EU relations needs to be considered, namely, the fact that this relationship is not between two states, but between a state and a polity that is generally recognized as being less than a state and more than a traditional international organization (Wallace 1983). The EU has developed significantly in the past 60 years, from an intergovernmental organization into an entity that has several state-like features but is also in significant ways distinct from

states. Some scholars consider it a quasi federation (Schmitter 2000), others have identified it as a neomedieval empire (Zielonka 2013), and still others have called it an “unidentified political object” and emphasized its *sui generis* nature. What matters for the purposes of this chapter, and indeed for this volume, is that in an integrated Europe, a number of institutions have become established that act on behalf of states, and in the process of integration, the nation-states have acquired a new quality as member states of the European Union (Bickerton 2012). The EU is constituted by these member states, but it possesses a number of institutions—the European Commission as its executive, the European Parliament (EP) as its legislature, a Court of Justice, and a European Central Bank—that can and do act independently from the member states (and indeed frequently against individual state preferences) (Stone Sweet and Sandholtz 1997).

These observations matter because they indicate that China-EU relations, even though they are not relations between two states, are nevertheless meaningful and consequential in the context of global governance. Of course, China continues to relate also to individual member states, and for the larger ones among these—the “Big Three” of Germany, France, and the United Kingdom in particular (Wagnsson 2010)—these bilateral relations may matter more than its relations with the EU as a whole. Nevertheless, the China-EU relationship has its own significance across a range of issues and fora of global governance, making it important to study not only this relationship but also the role played by institutions in shaping it.

Developing a Liberal Institutional Perspective on China-EU Relations

A liberal institutional approach to China-EU relations is derived from a number of assumptions about the nature of international relations. These include liberal propositions about the relevance of domestic and international civil society in the international system, the importance of commerce and communications in facilitating cooperation among states, and the effects of complex interdependence on interstate relations. Neoliberal notions of international relations go further, by emphasizing the dominance of capitalist markets as driving forces in the creation of a stable liberal world order.

Institutionalism adds to these liberal assumptions the role of institutions as a crucial variable, arguing that institutions matter and shape the interests of actors. This recognition of institutional factors applies both domestically, in structuring the preference formation within states (Cerny 1990), and internationally, in shaping the environment in which states interact with one another (Keohane and Martin 1995). From this perspective, institutions do more than just facilitate bargaining among states or mediating

between various national interests, as they might be seen in a realist paradigm (Mearsheimer 1994). Instead, institutions are seen as having a greater significance for two reasons: first, institutions have the potential for independent “actorness”—becoming involved in international affairs as non-state actors and thereby having the potential to influence outcomes. Second, institutions are part of the structure of international relations, establishing rules, norms, and routines that provide both constraints and opportunities for states. Elements of structure include formal rules such as international law as well as informal norms about appropriate behavior among states.

Liberal institutionalism therefore emphasizes the cooperative nature of interstate relations and explains that not only in terms of common interests among cooperating states but also through the role played by nonstate actors, be they civil society, businesses, or international institutions, and the rule-bound environment in which interaction among states takes place (Moravcsik 1993). As such, it is a critique of realist assumptions about the inherent latency of conflict among states, the primacy of national interests, and the underlying anarchy of the international system. Yet it is not a deterministic approach either: recognizing the role of institutions, rules, and norms does not imply that these always “rule” and that state power has therefore become irrelevant. Institutions can disintegrate and rules can be broken, but while they last, they have a normative effect on state behavior.

This brief discussion indicates that there is a broad range of issues at play in a liberal institutionalist approach, and in this chapter not of all of these can be discussed in sufficient detail. In the following, three particular dynamics that can be particularly helpful in developing a better understanding of China-EU relations are discussed in a little more detail: administrative routines, path dependency, and socialization.

Administrative Routines and the Institutionalization of Political Time

Institutionalization involves the creation of particular routines that create an element of regularity, repetitiveness, and predictability in interactions among actors. Meetings occur at regular intervals, follow particular agendas, and are preceded and followed by specific processes. Interaction between states is being administered in the sense that on either side internal preparatory procedures need to be established, administrative and political hierarchies work to aggregate views and input into agendas, and horizontal coordination between different governmental departments is required. Depending on the intensity, complexity and degree of institutionalization of relations among states, administrative interaction can occur at several levels, and may cut across different sectoral responsibilities.

Over time, administrative routines become essential in the management of such relations. At the very least, they influence the format and the frequency of interaction—how often meetings take place, how long they last, and where they are held. The content of discussions may well be subject to political preferences on either side, but it is also possible that certain thematic priorities are being agreed upon in advance, and then determine also the substantive agenda of meetings.

In recognizing the role played by routines, let us highlight one particular aspect in this regard: the institutionalization of time (Ekengren 2002; Goetz and Meyer-Sahling 2009). It is noteworthy that a significant part of international diplomacy, and in particular of China-EU relations, is governed by certain scheduling arrangements that have developed a life of their own, thereby providing an structuring element in the relationship. A good example here is the holding of annual summit meetings, which in turn determines a schedule of preparatory meetings, of work plans, agendas, and deadlines aimed at delivering results in time for announcements at the summit, and of a cycle of expectation among participants and observers derived from that.

The institutionalization of time can have effects on a range of issues and levels: the regularity of meetings is often constitutive of a particular kind of relationship. For example, at the heart of the definition of the China-EU relationship as “strategic” is the regularity of summit meetings (indeed, critics have observed that beyond such structuring devices of institutionalized time, there is little that is substantively strategic in this relationship (Renard 2011). But time can also be relevant in terms of policymaking, with the setting of deadlines by which certain targets are to be achieved.

What was said earlier about rules not determining outcomes, but having normative effects, applies here as well: even when there are “fixed” schedules, these may be ignored for political preferences. But if meetings are cancelled or agreed-upon deadlines are missed, then the other side or third-party observers may draw conclusions from such choices that have an impact on subsequent behavior and outcomes. In fact, missing a scheduled meeting may be intended as a diplomatic message in itself, thereby providing the opportunity for a political act that would not be possible if a prior schedule did not exist. Most of the time, however, schedules will work in bringing both sides together, facilitating exchanges even if no particular need for doing so is being perceived, indeed even if participants in such meetings would rather *not* meet if given the choice.

The institutionalization of time is just one example of routines impacting on diplomatic relations. There are many others—diplomatic protocols and codes of conduct, formalized relations with the media, and established customs regarding communication. All of these are examples of “soft

law”—informal rules that are not binding, or not even codified, but that nevertheless have a bearing in interstate relations. They may not trump “high politics,” but, from a liberal institutionalist perspective, such routinized behavior helps explain the relative stability and continuity of interstate relations.

Path Dependency

A related, but more long-term concept of how institutions matter is the notion of path dependency. Here the idea is that relations between actors are structured by past decisions and bargains that have become institutionalized in one way or another, and consequently constrain actors with respect to subsequent political choices (Pierson 2000). A decision in T_0 to set up a particular mechanism or institutional framework subsequently implies a limited choice of options in T_1 , and yet further limits down the line. Therefore state actions are bound to remain within a certain “path”—not a linear trajectory to a particular teleological outcome, but rather moving in a general direction.

Again this concept should not be understood to be a deterministic strait-jacket, but rather a heuristic tool in understanding how routine actions are linked to, and indeed are derived from, prior decisions. Recognizing the role played by path dependency is not to deny that, at any time, actors may choose a different avenue and depart from the expected “path.” Yet doing so will impose certain costs—political and/or material—and might therefore require specific circumstances in order to create such opportunities. Specifically, there is the notion of “sunk cost”—the effort, energy, and/or capital that it has taken in order to set up a particular mechanism, and that will be lost if it is abandoned (North 1990). Another feature of the concept is the observation that instituting a certain decision-making mode—for example, unanimity—in order to change policies can have the effect of “locking in” past choices—under such decision modes it may be difficult to take decisions in the first place, but it will be equally difficult to later change or abandon these (Kay 2003).

Path dependency is a key concept in historical institutionalism, a theoretical tradition that has been predominantly applied in the study of comparative politics, but that also has found increasing application in the study of European integration and international relations (Fioretos 2011). Historical institutionalism, with its emphasis on the structuring power of institutions and its expectation of continuity, also contains statements of a normative character. It points to historical inefficiency, for example, in that following a given path makes it difficult to adjust action to changing circumstances, or slows down such processes of adaptation. It also points

to the potential for unintended consequences, as not all implications of a given institutional design are necessarily known at the moment of its inception, and some consequences of earlier choices will only become apparent later on.

While we emphasize here the relevance of path dependency in the context of institutional explanations, it should be noted that its logic can also operate outside such a context. Indeed, arguments about the role of path dependency can be made about conflictual relations as well as about cooperative behavior. However, when seen in the context of institutionalism, path dependency provides a valuable illustration of the structuring effects that institutionalization can have over the long term.

Socialization

Another dimension of liberal institutionalism is a focus on socialization, an aspect that is linked to both the diffusion of norms and the time variable already discussed previously. The focus of socialization is on the effects of individual agents participating in institutional arrangements and on this having an impact on their perceptions of rules and norms. Ultimately, such socialization can even change individuals' identity, as a new corporate or supranational identity is created.

It is important to state again that there is no automatism implied in such a dynamic—socialization is an analytical category the presence of which requires empirical research. In the EU context, socialization has been an important research agenda that has addressed the attitudes of both staff working within the EU institutions—the European civil servants—as well as of national officials working within the committee structures of European and international organizations (Trondal 2004; Warleigh 2001; Lewis 2005). Distinctions have been drawn between, on the one hand, international institutions as *sites* of socialization, that is, the way in which daily interaction within such a transnational working environment affects individual attitudes, and, on the other hand, international institutions as *promoters* of socialization, that is, the way in which international norms influence domestic behavior through processes such as social learning (Checkel 2005).

This distinction is also related to more constructivist and rationalist understandings of socialization. In the case of the former, the socialization within an institutional setting involves elements of “normative suasion,” which means that agents change their understanding of what is expected behavior and internalize new behavioral norms. Following a logic of appropriateness, there is a shifting sense of what is appropriate, a greater propensity to listen to other arguments and to redefine their interests. In the context of normative suasion, the mere act of talking also has a greater

significance as actors are expected to be more open to persuasion, replacing hard bargaining as the dominant mode of interaction. With regard to the latter, a logic of consequences still prevails, but there are new calculations about the roles being played and the strategic calculations that go with these. In an institutionalized setting, new roles may, over time, change such calculations as social rewards become more relevant.

What is important to a proper understanding of socialization is the conditions under which this occurs, and here empirical research has made some advances despite the methodological limitations to such research. Crucial variables are the duration and the intensity of such interaction: the more time agents participate in such routinized settings, and the more intense the contact is within such a setting, the more likely it is that socialization occurs. But research has also shown that beyond the setting, the cognitive priors of the actors themselves also matter: the fewer preexisting and ingrained beliefs an actor holds that might be inconsistent with the new social environment, and the greater the previous experience in an international setting, the greater the likelihood that socialization will have tangible effects. Furthermore, there are also wider issues to consider: the degree of politicization and salience of the issue under discussion, the openness of the forum in which debate takes place, and the adherence to principles of deliberation all have an impact on the incidence of socialization. The more depoliticized the issue, the less open the venue, and the greater the observance of deliberative principles, the more likely is the socialization of participating agents to occur (Checkel 2005).

In the China-EU relationship, such considerations matter, albeit mostly in an understanding of the EU side in the relationship. It is on the European side, after all, that a large number of institutional structures has been developed, and it is here that significant numbers of policymakers participate in daily and intense interaction within the European Commission, the Council, the EEAS, the EP, and a multitude of related institutional structures. While some scholars have pointed to the effects of socialization that have occurred through the institutions of an integrated Europe, others have also pointed to the limitations in socialization that can be observed even in the institutionally dense environment of the EU (Hooghe 2005).

Yet socialization is also of potential relevance for the Chinese side, and indeed for the various fora in which both European and Chinese decision-makers meet. As discussed below, there is an expanding number of institutionalized settings in which such Chinese-European interaction occurs, and were the socialization perspective is therefore a valid consideration. And beyond purely intergovernmental contact, there is the growing dimension of civil society involvement, be it through official "business-to business" and "people-to-people" dialogues or through private transnational networks. As

part of China's opening, a growing number of citizens, think tanks, and nongovernmental organizations (NGOs) are also in regular contact with their counterparts in Europe (and elsewhere). And even if the duration and the intensity of such interaction is too limited to effect any immediate change, they still have a relevance in terms of the cognitive priors that they might help to establish—preparing the ground, as it were, for the possibility of socialization in subsequent interaction.

The Institutional Dimension of China-EU Relations

Exploring the institutional dimension of China-EU relations involves the study of developments on a number of different levels: first, the “domestic” institutional arrangements on either side; second, the institutionalization of bilateral relations between the two sides; and, third, the involvement of both China and the EU in multilateral institutions and international organizations. This section examines developments on each of these levels in turn, starting with a look at the key features of the foreign-policy machinery of the EU and of China, respectively, before then moving on to bilateral and multilateral institutions.

Domestic institutional politics provide an important foundation for the institutionalization of bi- and multilateral contacts. For one, they provide the cognitive priors for officials who participate in these, and are subject to change under the external pressure of institutionalized relations with another partner. Furthermore, the domestic institutional context is also important in understanding the making of foreign policy and the involvement of a state within international arrangements. The phenomenon of bureaucratic politics, that is, the competition between various ministries and governmental agencies, runs counter to the Weberian image of a hierarchical administration, and therefore can also become a factor in China-EU relations. On both the Chinese and the European side there are complex bureaucracies involved in the management of external relations, constituting an important institutional dimension to the China-EU relationship.

The Institutions of the European Union

As mentioned above, the EU side is a specific case because of its very nature as an international bureaucracy. Identifying the institutional dimension of EU relations with China starts with recognizing its hybrid nature: it involves representatives of the supranational institutions in Brussels—the European Commission, the EEAS, and the EP—as well as representatives of the member states acting through the Council of the European Union. The European Commission plays a central role here because it is in charge

of the external economic relations of the EU and also holds the purse strings of the common budget. Commission departments such as DG TRADE, DG CLIMA, or DG DEVCO take the lead in initiating policies in their respective areas, making them powerful agenda setters in these fields. Member states and the EP take the final decisions on policies, meaning that ultimately these policies, including those that relate to China, are the result of negotiations among these various actors.

The EEAS, which is responsible for the external political relations of the EU, is itself a hybrid organization. It was originally being composed of one-third Commission officials, one-third Council Secretariat officials, and one-third national diplomats on secondment. This mixed formula was specified in the Lisbon Treaty and guided the initial recruitment to the service as it was being set up in 2010. Some five years later, under the influence of socialization and uniform staff regulations, these distinctions matter less (Juncos and Pomorska 2013). The EEAS is headed by the EU High Representative for Foreign Policy, who also acts as one of the vice presidents of the European Commission—in other words, the position of a “double-hatted” High Representative is meant to overcome the institutional divide between the EEAS and the Commission. This dual role is symptomatic of the hybrid nature of supranational and intergovernmental features in the EU’s institutional structure, and as well as of the attempts to overcome these.

The internal makeup of the EEAS is only a microcosm of the inter-institutional tensions between itself and the relevant departments in the Commission, and, on a still broader scale, the differentiation between EU policy toward a third country such as China and the foreign policies of the 28 member states. Individual member states do maintain their own relations with China, and in the case of the larger member states, these continue to carry greater weight than the common foreign and security policy (CFSP) of the EU.

The EEAS, consisting of the headquarters in Brussels and some 200 EU delegations around the globe, is coordinating EU foreign policy, whereas major decisions are being made by representatives of the member states in the Council of the EU. Here, the Foreign Affairs Council brings together national foreign ministers, while its meetings and decisions are prepared by a large number of specialized working groups and task forces composed of diplomats and experts from the member states. Decision-making in this area occurs under the principle of unanimity, requiring the agreement of all member states—an important difference from policies such as trade, development cooperation, or climate change, in which decisions are taken by qualified majority voting.

The EP, as the EU’s legislature, does not have a major role in the nonlegislative aspects of CFSP, and yet it acquired with the Lisbon Treaty reforms

a significant say over policy. Foreign policy and institutional decisions with budgetary implications require parliamentary approval, and the EP's vote is also required in order to ratify international agreements—new muscles that the institution already flexed on a number of occasions. Key aspects of the EU's relations with China, be it the continuing emphasis on human rights or the negotiation of a future China-EU investment partnership, are therefore heavily influenced by the EP (Raube 2012; Rosén 2014).

This brief overview does not do justice to the complexity of EU decision-making in the foreign policy field, yet, hopefully, it indicates the number of actors already involved in China-EU relations. There are numerous veto points, but more importantly for an institution that relies more declaration and deliberation than on formal decision-making, there are many voices—what some observers have termed a “cacophony”—and much scope for tensions between the various institutional actors. Consequently, there has been much criticism about the lack of consistency and coherence in EU foreign policy.

The Institutions of the People's Republic of China

Unlike the EU, China is a centralized state that has a formal governmental hierarchy in the area of foreign policy. However, also within the Chinese system there is considerable complexity and potential for internal tension. One source of complexity in China is the supremacy of the communist party apparatus over the state administration, with the Standing Committee of the Politburo being at the top of this hierarchy. Below the Politburo and the larger Central Committee, a system of “leading groups” composed of senior officials oversees the work of the various sectoral ministries.

This also applies to foreign policy, in which the presence of parallel authorities within the state and the party creates coordination challenges, especially because party and state structures are both highly hierarchical, with little scope for horizontal contacts. Informal coordination in this system is provided by senior officeholders within the ministry also hold key positions in the Politburo or the Central Committee, but in the area of foreign policy that is rarely the case. A specific leading group was set up for the coordination of foreign affairs, and more recently in November 2013 a National Security Committee was established. These bodies are key foreign policy-making institutions, yet they exist alongside (or above) the relevant ministries for foreign affairs (Christiansen et al. forthcoming).

Beyond the distinction between state and party, the Chinese system also has a propensity for more traditional bureaucratic politics well known from Western countries, even though the rivalry between different institutions is less transparent here. A typical example is the civil-military divide, with the

leadership of the People's Liberation Army being a key player in the system. As far as relations with the EU are concerned, two ministries in particular are involved: the Ministry of Foreign Affairs (MFA) and the Ministry of Commerce (MOFCOM). The MFA is responsible for traditional diplomacy, whereas MOFCOM is in charge of trade—a divide that mirrors the EU's separation between political and economic relations being handled by the EEAS and European Commission, respectively.

In the post-Mao era, the making of Chinese foreign policy was overseen by a largely collective leadership, involving several members of the Politburo and a number of leading groups. With Xi Jinping becoming Chinese president, as well as secretary general of the CCP and chairman of the Chinese Military Commission, there has been a noticeable centralization of power at the top. Xi not only holds the top positions of state and party but also directs a number of the leading groups, including those for foreign affairs and the National Security Committee, which he himself launched (Wang 2015). Whereas previously the portfolio of relations with the EU were informally allocated to the prime minister, under Xi Jinping, the president himself has assumed responsibility for this relationship—as evidenced by the first presidential visit from China to the EU institutions occurring within a year of Xi assuming office.

In addition to the formal bureaucracy, the recent past has also witnessed the rise of advisory groups (often staffed by retired officials and diplomats) and think tanks. While their function is to provide analysis and advice for the leadership, a trend, at least under the presidency of Hu Jintao, was the emergence also of relatively independent think tanks and NGOs that contribute to the deliberation of foreign policy and national security (Menegazzi 2012). In the same vein, university professors and scholars with expertise in specific areas, such as European Studies, have also become involved in a more public debate about foreign affairs issues. The ubiquity of the Internet in China, which has given rise to a vibrant blogosphere, widespread use of social media, and a large number of “netizens”—factors that, despite the government's control of public debate through the “Great Firewall,” have contributed to the emergence of public pressure, often of a nationalist variety—is a factor in Chinese foreign policymaking (Christiansen et al. forthcoming).

The Chinese management of relations with Europe is therefore characterized by a number of different bodies and committees under the umbrella of an increasingly centralized leadership. The more hierarchical arrangement in China permits more strategic action and also means that its diplomatic agenda is presented more consistently than that of the EU. In the face of the often mixed tones coming from Europe, China tends to repeat the same message, and does so with one voice. However, the institutional setup

in China is not very flexible and tends to be slow moving, something that creates particular challenges when quick reactions to crises are required.

The Institutionalization of Bilateral Relations between China and the EU

Formal relations between China and the EU date back to 1975 when the two sides established diplomatic relations for the first time, in the wake of China joining the UN. This was followed by a trade and cooperation agreement concluded in 1985, and the opening of an EU delegation in Beijing in 1988. Though initially overshadowed by the Cold War, bilateral relations became more important following the economic reforms in China in the 1980s and the subsequent surge in bilateral trade, even if the repression of prodemocracy demonstrations in Tiananmen Square in 1989, followed by EU sanctions, and subsequently the Asian financial crisis in 1997/98 were obstacles to closer relations. China's accession to the WTO in 2001, and the EU's strong support for its membership, were a boost for bilateral relations, and laid the foundations for a further deepening of these relations subsequently.

In 2003, these relations were to become highly institutionalized through the establishment of a "strategic partnership." The linchpin of this partnership are annual summit meetings between the leaders of both sides: for the EU, attended by the president of the European Council and the president of the European Commission; for China, attended by the prime minister. However, under the umbrella of the summit meetings, which alternate in terms of their location between Europe and China, there is a whole architecture of dialogues bringing together Chinese and EU policymakers.

The "dialogue architecture" is wide ranging and built around three pillars: political relations, economic relations, and "people-to-people relations." Each of these is headed by high-level annual dialogues at the ministerial level, senior officials or political directors meeting, and a broad range of more specific working groups. Some of these dialogues have a certain regularity, whereas others only meet occasionally. In any case, the dialogue architecture provides the forum in which Chinese and EU officials can discuss a multitude of issues, either of a bilateral nature (e.g., in case of trade disputes) or in preparation for multilateral meetings. Much of the dynamic behind the range of dialogues is provided by the agenda of the annual summit meeting, and the desire of officials to have tangible progress in time for the leaders' meeting.

Beyond the working groups that are part and parcel of the executive diplomacy involving officials from the EEAS, the European Commission, and the Chinese ministerial bureaucracies, there are also a number of

additional, nonexecutive dialogues. These include, for example, interparliamentary meetings that bring together Members of the European Parliament and members of the National People's Congress, party political meetings with representatives from both sides, and round tables with members of the EU's Economic and Social Committee and the Chinese Economic and Social Council. In the aftermath of the eurozone crisis, there is also regular contact between the euro area "troika" and representatives of the Chinese finance ministry and central bank.

In 2013, the agreement on an "EU-China 2020 Strategic Agenda for Cooperation" marked another milestone in the bilateral relationship (European Council 2013). It set out goals for a further deepening of the relationship across four areas: peace and security, prosperity, sustainable development, and people-to-people contacts. In its broad scope, the 2020 agenda is both an ambitious document and a very general and rather vague document. In any case, it signifies that both sides are willing to go further down the road of an institutionalized relationship—a sign that an element of path dependency is at play here. Negotiations for an investment treaty between the two sides are ongoing, paving the way—at least from the Chinese perspective—for a subsequent free trade agreement between China and the EU.

The nature of the bilateral dialogues is deliberative rather than decisional—mostly there is no expectation of immediate outcomes following any meetings. On the whole, the dialogues provide a platform for Chinese and EU policymakers to exchange views on topics of mutual interest, to understand the different perspectives each side has, and to overcome potential problems. This has led to criticism that these dialogues are just "talking shop" and therefore ineffective without substantial funding (Fulda 2013). The view on the politically sensitive human rights dialogue, for example, has been that the regular meetings are largely symbolic and have no discernible impact on policy. Cultural and educational policy might be a good example of one such area (Reiterer 2014; Yang 2015).

However, the counterargument to that, from a liberal-institutionalist perspective is that "just talking" is already a significant act between global players. The fact that such interaction is institutionalized and takes place not just at the top political level but also at other levels in the administration, is also significant here. The duration and the intensity of these dialogues is most likely too minor to expect any meaningful norm diffusion or shifts in identity. One cannot therefore expect socialization to occur under these circumstances. The fact that the administrative or technical meetings of these dialogues take place largely removed from the public eye, can be seen as an advantage in this context. Given the salience of the issue, one would not expect a dialogue on human rights to have an immediate effect. However, when other,

less politicized topics come on the agenda, then this might indeed provide an opportunity for policy learning and, in a wider sense, for the sort of normative suasion that liberal institutionalism would expect to occur.

However, the strategic dialogue is not the only way in which China relates to the EU. There are also bilateral relations between China and individual member states, some of which have their own strategic partnerships with China. In addition, China has also sought to develop relations with particular subsets of EU member states, with the 16+1 initiative perhaps the most prominent among these. “16+1” has been a Chinese attempt to set up a special relationship with 16 East European states, both inside and outside the EU, in order to facilitate access to markets and investments. It has been frowned upon by the EU as a divisive mechanism, while the Chinese leadership insists that it is merely a “supplement” to the continuing relationship with the EU (*The Diplomat* 2013).

The key observation from a liberal-institutional perspective on the dialogue architecture is that it provides a stable and continuous framework underpinning China-EU relations. It obliges both sides to meet one another regularly and creates an administrative routine around these meetings, involving agenda setting, chairing arrangements, review mechanisms, and other procedural elements that normalize and regularize bilateral relations. This high degree of institutionalization ensures that dialogue continues even if there are disagreements, as has been the case between China and the EU on several occasions (e.g., antidumping measures against Chinese-made solar panels, extraterritorial application of the EU’s Emissions Trading System) and indeed continuously (e.g., EU arms embargo imposed on China after Tiananmen Square). Liberal institutionalism therefore provides a useful perspective on the nature of China-EU relations, emphasizing the routinization, path dependency, and potential for socialization that come with a high degree of institutionalization.

China-EU Relations in the Context of Multilateral Institutions

As mentioned earlier, China-EU relations have been heavily influenced by their membership in, and commitment to, international institutions. Chinese membership in the UN and in the WTO were crucial in order to promote its relations with the EU, and both sides’ strong commitment to multilateralism continues to be the cornerstone in their relation. The mutual pledge to support and further multilateralism is prominent in the 2020 Strategic Agenda, in which this is mentioned repeatedly in the context of security, trade, sustainable development, and climate change (European Council 2013).

The EU’s embrace of multilateralism is long standing and has been implicit in much of its external relations (Christiansen forthcoming).

Since the reforms agreed to in the Nice Treaty in 2000, the EU treaties have espoused international cooperation and support for the UN as formal aims, and the 2003 European Security Strategy declares that the EU pursues “effective multilateralism” with the UN at its core (European Council 2003, p. 9). “Effective” here is supposed to stand for the preference for formal and legally binding commitments being agreed upon in multilateral fora.

This support for multilateralism is found in numerous official documents, speeches, and agreements published by the EU. Some authors have asked whether or not the EU’s support for multilateralism ought to be seen as having the status of a formal doctrine of foreign policy (Kissack 2013), but while this is debatable in legal terms, there is no doubt that it provides a strong and constant reference point for EU external action. This commitment to multilateralism is seen both in support for global institutions such as the UN and also for regional institutions in other continents.

With respect to the latter, the strong relationship between the EU and the Southeast Asian region is a case in point. The Association of Southeast Asian Nations (ASEAN)—despite fundamental differences in political culture, basic principles, and overarching objectives—has developed similar institutional features and policy goals to those of the EU, and the two organizations have also come together under the broader umbrella of the Asia-Europe Meeting (ASEM), which organises regular summit meetings and has institutionalized political, economic, and societal exchanges between the two continents (Yeo 2013). The EU’s region-to-region approach has in this way also provided a multilateral frame for the China-EU relationship. Both the ASEAN Regional Forum and the ASEM bring together China and Europe within a wider framework, adding a further institutional layer to the bilateral dialogue architecture (Jetschke and Murray 2012). In fact, it was the ASEM summit meeting that provided the occasion for the first-ever China-EU summit in 1998, demonstrating the latent value that such “talking shop” can have.

China’s attitude toward international institutions has been more complex, and was complicated for a long time by sovereign legacy disputes with Taiwan. The early years of the People’s Republic, with the involvement of its military in the Korean War, fighting against UN-mandated forces, were clearly not conducive to multilateralism. China’s engagement with international institutions has therefore come a long way since it took its seat on the UN Security Council (UNSC) in 1971. Since becoming a permanent member of the UNSC, China has been generally seen as a supportive player in this institution. It has made use of its veto on eight occasions (most recently in blocking UN intervention in Syria), but this is actually the fewest number of vetoes among all five permanent members (Wouters and Burnay 2011). China has also become a frequent contributor to UN peacekeeping missions and is very supportive of the UN system, albeit with an emphasis

on the protection of state sovereignty and the principle of nonintervention in the internal affairs of member states (Hirono and Lanteigne 2011).

This emphasis actually demonstrates the different attitudes that China and the EU have with regard to multilateralism: for the EU, this is equated with a proactive membership in international institutions, but also with an endorsement of binding rules (e.g., in climate change negotiations), with international law (e.g., to settle territorial disputes), and with an independent judiciary beyond the nation-states (as in the case of the International Criminal Court) (Christiansen forthcoming). For China, in contrast, multilateralism is more of a diplomatic approach about working with other countries, often with the aim of balancing the potentially hegemonic power of the United States.

Among important global institutions, China remains outside the Group of Seven/Eight in which not only several European states but also the EU itself coordinate policies. Many observers consider this an anachronism in view of China's rise (*Financial Times* 2013), and European leaders have, on occasion, advocated the inclusion of China in this framework. However, while Washington has been less keen on this, the Chinese leadership also sees little benefit in joining what is essentially a Western club (*Der Spiegel* 2007). Instead, China has been a strong supporter of the more inclusive G20 (and will host the 2016 G20 summit in Hangzhou), demonstrating also that it is more interested in multilateral cooperation on economic than on security issues.

Both the EU and China agree on the importance of the UN, but there have been differences with respect to the key Bretton Woods institutions of the postwar liberal order. The fact that key institutions of global economic and financial governance have been dominated by the United States and the EU, with an informal arrangement that reserves the leadership of the World Bank Presidency for an American and of the International Monetary Fund (IMF) for the Europeans, has caused considerable rancor among emerging countries, including China. China, together with others, pushed for reform of the IMF in 2010, but when this "reordering from within" failed to deliver results, it switched to a different "reordering from outside" strategy (Chen 2015). This new strategy of setting up alternative multilateral institutions outside the liberal order includes the New Development Bank (set up together with fellow BRICS [Brazil, Russia, India, China, and South Africa] states) and the Asian Infrastructure Investment Bank (AIIB) (set up together with other Asian countries).

The AIIB is perhaps the strongest signal yet that China is willing to take the leadership in building new multilateral institutions. The AIIB's focus on funding large-scale infrastructure projects ties in well with the Chinese agenda for new maritime and continental "silk roads," but is also inclusive of a wider membership within Asia and beyond. Crucially in the context of the focus here, most of the EU member states have chosen to join the new

institution, defying US opposition to the new bank as an unnecessary rival to the World Bank and the Asian Development Bank, its regional affiliate (2015). Even if the direction and the impact of this new venture remains unclear, this development is a strong demonstration of the Chinese strategy to invest diplomatic and financial resources in multilateral institution-building. It is also an intriguing sign of things to come that the Europeans are now willing to join a Chinese-led initiative, and that the EU's normative power appears to be on the wane (*Japan Times* 2015).

China is a member of a number of multilateral organizations that exclude the EU, namely the Shanghai Cooperation Organizations (SCO), the East Asia Summit (EAS) and the Asia Pacific Economic Cooperation (APEC). The SCO brings together China and Russia with a number of Central Asian states in order to coordinate security policy, in particular the fight against terror. The EAS brings together heads of state from states around the Pacific Rim, while APEC aims at facilitating trade and investment among its regional membership. These are regional organizations specific to the Asia-Pacific, and the absence of the EU here comes as no surprise. China's focus is, first and foremost, on its own neighborhood, which includes not only economic powerhouses such as Japan, South Korea, and ASEAN but also global powers such as Russia and the United States. The EU is, from this perspective, a rather distant player from the Chinese point of view. More importantly, it remains largely a nonentity as far as traditional security matters in the Asia-Pacific are concerned, and the nonmembership of the EU in key fora of the region is merely a reflection of the limits of the EU's hard power (Kirchner et al. 2015)—all factors that further emphasize the dominance of economic matters in China-EU relations.

This discussion has shown how the interaction of China and the EU in the international arena can be understood through the prism of liberal institutionalism. Both sides not only have strong interests in global stability and open markets secured by multilateral institutions, but there are also good examples of close cooperation between China and the EU in several fora. Principled differences about the role of international law and the creation of binding rules are bound to remain divisive issues (as the run-up to the COP21 Climate Change summit in Paris in 2015 indicated). Both China and the EU may still have an agenda for the reform of international institutions, but by the mid-2010s the main emphasis is on their close cooperation not only through bilateral but also multilateral institutions.

Conclusion

Liberal institutionalism emphasizes the role that institutions play in shaping international politics, and in doing so provides an account of cooperation in

global politics. This chapter has sought to show how this perspective aids an understanding of China-EU relations. Two global players, often regarded as poles within a multipolar system, are in fact closely intertwined and act not (only) as rivals within a competitive international system, but cooperate in a multitude of fora. The relationship between the largest two economies in the world is dominated by the desire to facilitate trade, investment, and economic growth, and both sides have built a comprehensive institutional structure to support these common interests.

Both China and the EU have serious security concerns in their respective neighborhoods, but their distance from each other means that these issues do not directly impinge on their bilateral relations. Indeed, perhaps precisely because they are not neighbors, but are geographically removed from one another, the emphasis on cooperation, trade, and partnership provides something of a safe haven from the difficulties in their respective “near abroad.”

Crucially, both China and the EU have chosen to institutionalize their relations. Both bilateral and multilateral relations have been built around a growing set of institutions that provide a stable foundations for relations. The two sides do face differences, both normative and interest based, but the institutionalization of their relationship has helped provide for stability even in the face of such disagreements. Key aspects of a liberal institutional perspective—the routinization of administrative interaction, the path dependency of bilateral relations, the potential for socialization—are all at play in the China-EU relationship. Liberal institutionalism cannot explain every aspect of the relationship, and certainly cannot predict a determinate outcome, but its emphasis on the role of institutional factors goes some way in accounting for the continuity of cooperation between China and the EU.

Note

1. The European Union, established through the 1992 Maastricht Treaty, constituted a continuation of the integration process that started with the creation of the European Coal and Steel Community, set up in 1952, and of the European Economic Community, set up in 1955. Both of these organizations were merged in 1965 into the European Communities, which in turn was later called the European Community. For stylistic reasons, but also because of the historical continuity that carried on despite these name changes, this chapter applies the term “European Union” to the organization throughout this evolution from the 1950s onward.

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CHAPTER THREE

SOCIAL CONSTRUCTIVIST PERSPECTIVES ON CHINA-EU RELATIONS

Knud Erik Jørgensen and Reuben Wong

Introduction

Studies of China-European Union (EU) relations tend to privilege interest-focused explanations.¹ In such accounts, China's main goals in its relations with Europe are usually presented as material—the pursuit of increased trade and investments intended to boost China's economy. Sometimes, they are also presented as status seeking, as China viewing the EU as a potential great power alternative to US hegemony. Moreover, interaction with great powers—the United States, Russia, and the EU—is believed to confer on China the status of a great power.

The Cold War “united front” (together with the United States and the Association of Southeast Asian Nations [ASEAN]) against the Soviet Union in the 1970s and 1980s laid the foundation for burgeoning trade and economic cooperation starting in the 1990s, and a “honeymoon” period of mostly warm and active international cooperation from 1995 to 2005. This has since given way to a more “normal” relationship since 2006, in which the two sides recognize fundamental differences in their international outlooks and visions of world order (Shambaugh 2007; Chen and Armstrong 2010).

Reuben Wong has argued for a complementary view of China-EU relations since 2006. In this perspective, China-EU relations have evolved in tandem with the growth and changing nature of each actor. But relations are now at a stage at which substantive deepening cannot be expected until internal consolidation is achieved, that is, until the cognitive underpinnings of each actor's identity are clearer. He suggests that four main theoretical perspectives on the China-EU relationship—historical-civilizational; international political economy; balance-of-power strategic studies; and

ideology—actually shed light on the evolving identities of the EU and China (Wong 2012; 2013a).

In this chapter, we first examine how China's interactions with external partners impact *self-perception*; second, we analyze what China's identity is in relation to the EU, that is, its *relational identity*; and third, we explore how the *gaps between elite and public perceptions* of the EU in China play a role in the politics of Chinese foreign policy. We argue that socially constructed factors are ever present, and that these factors undergird the burgeoning material relations between China and the EU.

Rationality versus Identity in Accounts of China-EU Relations

The dominant approaches to analyzing China-EU relations contain several implicit yet important assumptions, namely,

- a. China is being socialized into being a modern state along Western lines as it enters “international society” (Gong 1984);
- b. by logical extension, China's identity and interests can be understood along the same (or similar) lines that social scientists adopt in analyzing the foreign policy of “rational,” utility-maximizing states; and
- c. China's interests are therefore the same (or similar) as those of other states, for example, economic growth, provision of security, and economic goods for its citizens.

International political economy (IPE) perspectives are the dominant theoretical lens used to study China-EU cooperation and conflict today. Such perspectives cast the relationship between the United States, the EU, and China as an increasingly tripolar condominium in the global political economy. The three protagonists are seen as dominating global economic governance in decision-making and norm-producing institutions such as the World Trade Organization (WTO), the Bretton Woods institutions, and ad hoc groupings (such as the Group of Twenty), which meet to discuss and coordinate steps to resolve international trade and finance issues (Zweig and Chen 2007; Smith and Xie 2010; Chen et al. 2011). In the same vein, China-EU cooperation has even been regarded as the development of an “exclusive partnership” (Klenner 2005) constituting an axis in global politics (Shambaugh 2004). In terms of investment, the EU has been the fourth-largest source of foreign direct investment in China (Fan 2008), amounting to an accumulated total of \$60 billion up to 2006 (Li 2009). Further, China's relations with individual EU countries are also underpinned by economic interests. Scientific cooperation is also increasing, with the EU being China's largest source of technology imports (Li 2009).

Studies of China-EU relations are thus dominated by analyses positing that the motivating factors for their interaction are essentially *economic* in nature (Wong 2012: 202–205).

IPE perspectives also became prominent during the tortuous negotiations for WTO membership (Song and Chan 2000: 28–29). Indeed, China and the EU found themselves in conflict over trade deficits, intellectual property rights, quotas, protectionism, and the EU's continuing refusal to grant market economy status to China ahead of the 2016 deadline under the terms of China's WTO membership (Zweig and Chen 2007). More recently, IPE perspectives have also featured in explanations of increasingly strained Sino-European relations, following disputes on the appreciation of the Chinese yuan, product safety, intellectual property rights, and China's market economy status (Li 2009). As such, 'rational' IPE perspectives, also explain the persistent tensions in China-EU relations, which are expected and even considered "normal" in the relations between two major economic actors.

However, rationality and economic explanations cannot account for the "honeymoon phase" of 1995–2004 unexpectedly turning sour by 2007–2008. This shift might be partially attributed to normative concerns that constitute the EU's and China's respective identities, relative to each other. For instance, German Chancellor Angela Merkel raised human rights as one of her key priorities in Sino-German relations in 2007, before meeting the Dalai Lama (Li 2009). And Chinese threats of retaliation were clearly unheeded when the European Parliament presented the Sakharov Prize to Hu Jia—a sociopolitical activist in China—in 2008. China responded by canceling the planned China-EU summit. Considering how frequently normative debates have strained political and economic ties, IPE approaches appear constrained in comprehensively explaining China-EU relations.

Another concern is that China's international identity is often taken as a "given"—that of a recidivist fast-rising power. Few studies address the substantive values that constitute China's identity *a priori*, at best considering China's identity relative to the United States, Japan, or the EU, rather than China itself (Garver 1997; Wong 2013a). Even fewer studies address the way in which China's international identity evolves over extended interactions with other actors.

Studies of China-EU relations commonly explain away normative factors by positing that the EU and its member states sacrifice ideals to protect their vested economic and strategic interests in China (Shambaugh 2004). The underlying argument or assumption is that material interests (trade, investment, finance, etc.) trump nonmaterial interests (human rights, democracy, etc.) in the EU's dealings with China. Such studies usually fault the EU and its member states for using a "double standard" in their approach to China (Grant 1995). However, rational approaches ignoring

the self-perceptions and identities of international actors run into considerable problems when we consider the immense changes in the last 30 years in both the EU and China. The EU has more than doubled in size from 12 member states as recently as in 1994, to 28 in 2013. Meanwhile, China has experienced exponential economic growth, becoming the world's largest creditor nation and holder of foreign reserves by 2008. This increase in material capacity on the part of both actors has not seen uniform and corresponding increases in normative capacity in governing China-EU relations. With insufficient internal consolidation of their respective identities, China-EU relations have reached a plateau (Wong 2013a).

Identify formation and consolidation must be understood as fluid processes that are constantly evolving, rather than static "givens" that can be understood along the lines of rationality and fixed material interests. Nicholas Onuf has argued that human beings are social animals, and that social institutions like governments, states, and international organizations, as well as their interactions, can be understood as social constructions or arrangements with their own particular patterns and rules (Onuf 1989). This chapter argues that appreciating the identities that China and the EU bring to bear vis-à-vis each other is essential in understanding the rules and the vicissitudes of this social arrangement.

This chapter also takes the view that identity is *relational*—identities are formed when actors interact with each other, forming images of both the "self" and the "other." The EU and China each has a multiplicity of identities—perceptions and images of the "self" and of the "other" that affect the actors' speech acts and actions. However, what is most germane here are the relevant identities that come into play in the China-EU relationship, and how the statements and actions in this relationship form a pattern that can serve as a way to change or reinforce the identity of each actor. The next section details the ways in which self-perceptions shape China's and the EU's interactions with external actors.

Self-Perceptions in China-EU Relations

Identity studies in international relations address the identity of nation-states and international organizations in various ways, including but not limited to the role of ethnography, nationalism, language, as well as institutional and collective memories (Eriksen 1993; Anderson 1983; Neumann 1996; Lebow 2008). Nevertheless, central to theories of identity construction and deployment is "a conceptualisation of what identity does and does not include; the construction of a 'we' and a 'they'" (Townsend-Bell 2007). These involve not merely perceptions of the "other" but also create and sustain self-perceptions.

The varied ways of theorizing China's identity thus feed from a basic reconsideration of China's world and the world's China (Wang 2009, Scott 2013). Ideology, whether informed by culture, heritage, or politics, comes into play in identity construction and deployment, seen for instance in the Chinese elite's focus on a *harmonious world* and *peaceful rise*. With China's ascribed role of the world's biggest developing country and market, its identity invariably influences the world. It is crucial to understand China *looking out*, rather than a China *being looked at* (Shih and Yin 2013). We can understand China at two levels, as both a civilization and a state. This liminal position was first noted by Lucian Pye, who said that "China is a civilization pretending to be a state" (Pye 1992: 235). For Wang Gungwu, a civilization has much more soft power in preaching and reconstituting its identity, particularly due to a sense of continuity, "which has made the civilization increasingly distinctive over the centuries" (Wang Gungwu 1991: 2). As Forsby (2011) notes, competitive civilizations such as the Mongols and Manchus were sinicized, giving China a sense of exceptionalism even after centuries of foreign invasions and humiliation.

However, China-as-state is also a necessity imposed by the Westphalian states system, in which the "civilization" has been disciplined by territoriality-oriented realism. In mediating the two ideals, China adopts a rhetoric of "harmonious realism," with the harmonious world the ideal endpoint for China's civilizational status. China's core national interests, however, are built within the existing parameters of the Westphalian system (Shih and Yin 2013: 63).

As civilizational notions are deep-seated in the Chinese psyche, it is crucial to understand the harmonious world as an ontological and epistemological mode of Chinese being. Importantly, civilizational identity is dynamic, as observed by Qin (2003) in charting China's normalization in the Westphalian system and its changing status from a revisionist state to a status quo one. The Chinese have attempted to think of China as a state, with the ideas of *guanxi* and "sequential egalitarianism," that is, mutual compromise and face saving (Uemura 2013; Shih and Yin 2013: 68). As a result the "China threat" notion from *China-as-civilization* is puzzling for the Chinese, given the compromises they see themselves as conceding from *China-as-state*. China's unilateral withdrawal from captured territories during the Korean War and the Sino-Indian border war are examples of *civilizational* compromises in a *territorial state* system, yet the Western conception of the Westphalian state system deems this ceding of territories as "rational."

Lessons from Confucius: Relationality and *Guanxi*

China's civilizational heritage has spawned a cultural identity informed by the Confucian idea of *tianxia*. Championed by the "New Confucians," who believe

that the international system should reflect Chinese cultural roots (Guo 2004: 25), a new form of nationalism has emerged in which the Confucian heritage is adopted rather than ignored in the market-based economy (Gao 2004: 48). A similar debate is mirrored in Russian society in the tussle between the New Western Russian and the New Soviet Russian (Hopf 2002).

A major Confucian import is that of *relationality*, an idea that informs China's strategic culture. Yet, Western IR theories ignore the fact that *relationality* is an important part of Chinese society, leading to seemingly irrational outcomes (Qin 2009: 8; Uemura 2013: 102). Indeed, a survey of IR literature in China finds that most IR debates center on China's development and evolving roles of the self (Qin 2011: 233–234), reflecting a strong Chinese emphasis on process.

Hence, the Chinese state's decisions and policies are rarely defined by cause-effect mechanisms; rather, the process of decision-making is independent, characterized by its own societal logic (Jackson and Nexon, 1999: 302–303). Here, there arises an emotional convergence in which *relationality*, rather than rationality, is the first priority. This forms a basic framework with which we can understand the Chinese view of the world. Qin argues, using a father-son relationship, that power alone does not explain Chinese politics. Rather, societal constructions and role-specific understandings of the world explain China's behavior. This confounds many scholars into viewing China as a revisionist power (Qin 2009: 17–18).

Essential to *relationality* are people-to-people ties. Max Weber recognized *guanxi* as an important element in the Chinese normative social order. Accordingly, Chinese society is based on a “subjective moral standard”—“the Chinese exist in their dyad social context within reciprocal relations with others” (Uemura 2013: 102; Sun, 2012: 12). Key to this arrangement is an expectation of long-term reciprocity. Favors are viewed as social investments, and failure to return these favors, constitutes a moral failure. To behave appropriately in such a normative framework, parties curate a checklist of favors. This is an inherently unstable paradigm given that one can misunderstand the Other's culture, and what actions would be seen as favorable. The works in this field are also a step up from traditional constructivist scholarship, which assumes that identities are endogenous. Here, it is argued that relations and *guanxi* are the undergirding currents that preshape identity. These notions depart from Western constructivist understandings of the self and the other.

Lessons from Confucius: “Harmonious Society”

Another lesson from Confucian culture is that social harmony and order are key universal priorities. This is manifested in the rhetoric of a *harmonious*

society. In this vein, Confucian scholars such as Qin Yaqing, Ren Xiao, and Yan Xuetong argue that an ascendant China will promote a peaceful harmony of differences (Qin 2010: 138–141; Yan 2008; Ren 2010; Zhu 2010: 19, 40, 47). Rhetoric concerning China's *peaceful rise* fits into this *tianxia* system, particularly evident in the strong emphasis on order and peaceful interstate relations (Michalski 2012: 66). This uniquely Chinese reading of the international system assumes dynastic authoritarianism, a hierarchical mode of international politics marked by the desire for unity and order.

A second facet of reconstituted Confucianism is Han ethnocentrism. As Wang Yiwei notes, China is a state made up of 67 nations, resembling the EU, with an organizational structure and territorial boundaries underpinning national identities. Yet, because Confucianism is a “Han” concept, Chinese nationalism takes on a “Han” bias (Forsby 2011). This subjugates the interests of ethnic minorities in Tibet and Xinjiang to the larger goal of territorial integrity (Dorjee 2013). The fact that the concept “nationalism” was rendered in Chinese as *minzu zhuyi* (民族主义; “nationalism based on the *ethnie*” or “communalism”) and not *guojia zhuyi* (国家主义; nationalism on the nation-state model) hints at this sense of superiority (Ning 2013: 142). In this model, ethnicities outside of the Han Chinese are considered barbaric, and the Confucian tenets of *li* (礼) and *renai* (仁爱) are inapplicable to them (Ning 2013: 143; Wang Gungwu 1991; Dikötter 1992; Jacques 2009: 245–250; Callahan 2010: 127–159).

The EU as Normative Power

Having discussed Chinese self-perceptions, it is also necessary to examine the EU's self-perceptions, and the impact of these perceptions on China-EU relations. Despite the EU often being held up as a successful example of regional integration, it remains a site of contestation for political authorities, supranational institutions, and the general public to forge and sustain collective notions of what the EU means. After all, there remains “the unfinished and unclear issue of what ‘Europe’ is, Europe's own vision of world order, and the role of Europe in that order” (Wong 2013b: 111–113). With Europeanization far from complete, EU self-perceptions remain fluid and varied. Nevertheless, it is possible to discern broad viewpoints and positions that inform EU self-perceptions: namely, the EU views its actions as underlined by values and shared interests, culminating in a rational-normative convergence.

It must be noted that the EU's formation undeniably had a strong focus on material interests. The establishment of the European Coal and Steel Community in 1951, European Economic Community (EEC) and the

European Atomic Energy Community (Euratom) in 1958 eventually culminated in the 1986 Single European Act aiming to establish the single European Market. However, material interests do not unilaterally foster an EU self-perception as an economic vehicle meant to service multiple national interests. Rather, the EU is also “defined in terms of its *underlying values*, cast as the Copenhagen Criteria. If the ‘new’ security policy is one based on these values rather than on territorial interests and state-to-state conflicts, then the EU is logically at the forefront of this development of a security policy based on human rights (Matlary 2006). EU self-perceptions are also guided by a set of values both endogenously and exogenously defined, to the extent that the EU’s foreign and security policy is also susceptible to such normative influences.

Indeed, EU foreign policy choices purposefully safeguard “shared values” and human rights, reflecting a broad commitment to and interest in “liberal expansionism.” As enshrined in Article 2 of the Treaty on European Union, the EU is founded on the values of respect for freedom, democracy, equality, the rule of law and respect for human rights: “these values are common to the Member States in a society in which pluralism, nondiscrimination, tolerance, justice, solidarity and equality between women and men prevail.” Significantly, the Treaty also outlines the implementation of a “common foreign and security policy including the progressive framing of a common defence policy . . . [for the purpose of] reinforcing the European identity and its independence in order to promote peace, security and progress in Europe and in the world.” (Treaty on EU 2007) As such, EU interests include upholding fundamental liberal values within and beyond Europe, and a strategic culture of liberal activism that grew from “providing relief” to “promoting democracy” in illiberal regions like the Balkans (Rynning 2003). Such liberal expansionism is contextualized in common historical experiences as well as continuing instability at the gradually expanding frontiers of the EU. Nevertheless, EU efforts to pursue a common foreign policy guided by values must be qualified as a strategic *partnership* rather than *convergence*; different national experiences have led to different countries veering off-course at different points in the conceptualization and implementation of EU foreign policy.

Relational Identity in China-EU Relations

China’s self-perception as a state peacefully rising from a Century of Humiliation remains at odds with European tendencies of liberal expansionism. The Chinese view the European ideal as interference in matters of domestic sovereignty. In 2008, the Chinese Foreign Ministry spokesman Qin Gang asserted that the Tibetan issue and human rights were strictly

domestic issues, and China would not be receptive to external interference such as the US-EU joint statement on Tibet. The clash in values, arising from divergent self-perceptions, has manifested in China's and the EU's respective foreign policies toward the other. Furthermore, divergent self-perceptions have in turn influenced mutual perceptions, even misperceptions. As Li Mingjiang points out, while the EU has yet to officially and openly express support for Tibetan independence, the Chinese elites and public alike view European sympathy for the Tibetan cause as an infringement on Chinese sovereignty (Li 2009). The EU's effort to uphold human rights has even been (mis)read as evidence of a persistent Cold War and imperialist mentality seeking to subjugate China.

As China's role expands in the international system, China will be forced to increase its interactions with important interlocutors such as the EU on a variety of issues. Unlike China's relations with the United States, traditional military security issues have not figured prominently in China's post-1949 relations with the EU (nor with individual EU states). When the EU does have an impact on China's security, it is usually seen as a secondary player and as part of the West/NATO against the USSR (as in 1969–1982), or in terms of economic security (1982–1996) or nontraditional security (1996 onwards).²

Evidently, EU-China relations are not static. From the 1980s on, we see the growth of EU cooperation with China, with China appreciating the development of an increasingly integrated European Community and its role as a rising economic and political power. Zhao Wu's periodization identifies four key phases in the relationship until 2009 (Wu and Zhao 2009):

a. 1949–1975	Experimental interactions, with China having two principles of engagement with the EU. First, not to support Taiwan; second, not to continue with an imperialist “ideology” in the Chinese sphere of influence. The period was marked by several firsts, with China also becoming the first communist country to recognize the European Community.
b. 1975–1989	Initial growth. Mao Zedong's labeling of Europe as the “second world” in the Three Worlds Theory, increased shared interests with similar security concerns. This stage concluded with the 1985 Trade and Cooperation Agreement and the 1983 Joint Research Projects.
c. 1989–1994	Uncertain developments after the 1989 Tiananmen Incident, due to the lack of a shared long-term political strategy.
d. 1996–2000 onwards	Stable development and a maturing of the relationship. China and EU became comprehensive strategic partners.

Throughout all phases, the languages of Chinese multipolarity and multilateralism in fact sit at odds. Scott (2013) notes that there is a discursive difference in the use of the two terms by the two actors depending on the audience—China uses multipolarity more often in public diplomacy than the EU, hinting at an inherent difference in how the relationship has been viewed. Deng Xiaoping in 1990 used *duojihua*—Chinese multipolarity, whereas Wen Jiabao stated at the 2010 Joint EU-China Press Conference that “we both stand for world multipolarity... Europe is an independent pole in the world.” The Chinese use of multilateralism masks its hard power, while the EU is forced into a discourse of multilateralism rather than multipolarity due to its *lack* of hard power.

On the other hand, the EU’s preference for the language of multilateralism is very much related to the procedural norms that underpin EU institutions and processes. Procedural norms influence *modes* of interaction between signatories of the Common Foreign and Security Policy, including issues related to compliance, decision-making, and representation of interests. Pertaining to military action undertaken beyond the North Atlantic Treaty Organization (NATO) framework, the EU is guided by “the European emphasis on diplomacy as well as explicit UN Security Council mandates.” This is also indicative of the European faith in rules and institutions as avenues of interaction that support “effective multilateralism,” without necessitating the use of force (Rynning 2003).

The role of language—multilateralism versus multipolarity—is thus evident in highlighting different understandings of the EU’s and China’s roles in the world. One can also posit that terminology is representative of China’s and the EU’s respective strategic cultures, which influence their interactions. So while China and the EU emphasize *multipolarity* and *multilateralism* respectively, at the heart of these discussions are acknowledgments of the world’s varied (*multi-*) interests and centers of power, with a consensus emerging regarding the *selective* and *legitimate* use of force. The EU remains guided by international law, with force viewed as “a potent factor strongly restrained by international law—the *jus ad bellum* and *jus in bello* principle (the law with respect to legitimate grounds for going to war and the law regarding behavior during war)” (Hyde-Price 2004; Rynning 2003). China is likewise selective, albeit in different ways, viewing its use of force as a bid to promote/maintain multipolarity, and hence prevent others’ infringement of its position (“pole”). China’s use of force on issues related to Taiwan can be seen as part of this attempt at deterrence and the safeguarding of domestic sovereignty.

Meeting Halfway: China and the EU

China-EU relations have been bogged down by the EU arms embargo, with official EU communications also noting disagreements with China over,

inter alia, economic competition, human rights, and climate change. The Chinese, in turn, complain that the EU does not meet China halfway in many of their demands (Feng 2008). In view of these vicissitudes, many scholars explain the ups and downs in China-EU relations as partly due to China's lack of a stable identity. However, other scholars point out that this identity mutability also applies to the EU, due to its lack of actorhood and an end state of European integration (Wu and Zhao 2009; Wong 2013b).

Wang Yiwei (2010), in *Clash of Identities*, has suggested that the EU's normative reach and universalism represent a *tianxia* approach in a Westphalian system. The EU, with its lack of *tao* due to expansion and decreased actorhood, is seen as acting without a road map (Wang 2009: 71–72).³ China's approach in international relations, then, can be viewed as a *xiushen, qijia, zhiguo, ping tianxia* (修身, 齐家, 治国, 平天下) approach: self-cultivation leads to good governance in one's state, and when all states are well governed, peace and harmony will prevail in the world. At the heart of this is China's strong faith in its civilizational history and the ancient values and teachings by revered sages and philosophers. These self-perceptions of sufficiency, if not superiority, are externally expressed in China's relational identity. Here, due to its strong cultural and historical traditions, China believes it can achieve its goals through its own strategies, and not through European-style democracy. In fact, Wang provides a summary of EU and Chinese divergences in their soft power approaches toward international relations (Wang 2009: 71–72).

Nevertheless, despite the differences between China and the EU, Wang (2009) himself and Wong (2013b) have also argued that China does share important similarities with the EU. Both are relatively new players in world affairs despite being old civilizations, and cultural communities rather than traditional nation-states. Furthermore, although Scott observes a tension in the multipolarity-multilateralism understandings of the international system in China-EU relations, an important EU state—France—has also adopted the language of multipolarity due to its aspirations, hence providing a bridge in EU-China relations (Men 2006: 789, 801; Védrine 2001). There is a view that both are in a similar position, an “optimal stage” in which they “share the same boat, pass the same bridge.” The fact that the EU issued six China policy papers in eight years (1995–2003) is also seen as an earnest and sincere attempt at a rapprochement with China (Men 2006: 801).

Yet, China-EU relations have also been marked by frequent misunderstandings, which arise because of a “personalization rather than institutionalization of ties” (Ting 2011). At the heart of these misunderstandings are divergent modes of conducting bilateral and international relations with their interlocutors—China focuses on personalized, social, and nonmaterial ties, evidenced in its principle of trust, cooperation, mutual benefits, and

Table 3.1 Same goals but different approaches of Chinese and European soft power

	<i>China</i>	EU
Starting point	• Peaches and plums do not have to talk, yet the Earth beats a path • One can be modest if one has no selfish desires	• <i>Empire by example</i> • <i>Cosmopolitan</i> • <i>Mission</i>
Measures of implementation	• Confucius: If remote people are not submissive, all positive influences of civil culture and virtue are to be cultivated to attract them; and only when they have been so attracted, will they bend and accept • Change oneself, change the world (Baijia 2002)	• <i>Normative power</i> • <i>Soft imperialism</i>
Ideas of implementation	• Confucius: Do not do to others what you don't want others to do to you • Substantive democracy: reach people's hearts; accept a multi-polar world	• <i>Promoting EU values around the world</i> • <i>Procedural democracy: effective multilateralism</i>
Objectives of Pursuit	• The art of dealing with differences: accept the beauty of your own civilization, and accept the beauty of other civilizations too; share beauty and create the world's great harmony	• <i>Art of seeking the Common ground: EU standard</i> • <i>Civilian power</i>

Source: Wang (2009: 71–72).

equality. Conversely, the EU's interpretation of "ties" is more material and tangible, involving binding commitments, and the responsibility for and the equality of interests.

Such differing perspectives are further evident in postmodernist interpretations of the state. The EU views itself as a postmodern political entity, with normative interests and extended responsibilities beyond the "national interest" (Manners 2002). This contributes to the EU's zeal in defending human rights beyond EU borders, which conflicts with Chinese notions of national sovereignty. Hence, Chinese scholars like Shi Yinhong (2008) argue that the EU seems to exhibit a "moral superiority" based on its normative power identity; this is extremely puzzling to them given that the EU has no geopolitical role in the region.

Chinese reluctance to take on a more proactive international role can also be understood with reference to *guanxi* and the lack of appropriate reciprocal actions from the West. The continued arms embargo casts a deep pall over China-EU relations. China's view of itself as the self-sacrificial actor who reaches out, but is rebuffed, is also manifested in the 2008 Beijing Olympics "coming of age" celebration, in which the act of China coming into the world has been manipulated by the West into a form of ontological insecurity.

In view of Chinese tendencies to safeguard their "pole" in international relations, one could also consider whether China-EU relations are in "a *guanxi* of amity," in which Chinese leaders show generosity and friendship, while downplaying conflicts. Here, there is strong positive inertia (Uemura 2013: 104). It appears that China is content to foster and maintain close and special relations with specific EU member states, for instance, with France due to a long history of mutual recognition as independent powers (Wong 2006: 63–64). As a result, Chinese leaders tend to overlook blips in the relationship with Paris in order to maintain *guanxi*, as well as for moral superiority and a bargaining chip for future interactions.

Perhaps recourse can be found by going back to the Confucian ideals that inform Chinese self-perceptions. Confucius emphasized that "a gentleman aims at harmony, and not at uniformity." Therefore, if China and the EU have ambitions to shape the international order, they must look for elements of consensus rather than foster a clash of ideas. These common elements include effective multilateralism and governance, and social values such as cultural diversity.

Public versus Elite Perceptions in China

Perceptions of the EU in China, which have varied in tandem with changes in China as well as with developments in the EU, have also differed between Chinese elites and the public. This is illuminated in two cases: nationalism (and the 2008 Olympic flame incident) and normative power in climate change negotiations.

Nationalism and Ontological Security

Nationalism has emerged as a powerful ideology in contemporary China. Some scholars have noted that nationalism takes place in a plurality of identities, with some becoming more dominant as certain threats emerge. These threats are targeted at what scholars such as Ning (2013) and Steele (2008) term ontological security. The Olympics debacle—in which there was a vicious brand of nationalism directed at EU states—is an example of such a type of nationalism. It arose due to the Century of Humiliation,

and has been inculcated since then as a performativity of identity (Butler 1999). With China's re-emergence, there is a perceived need to regain "face" (面子) to achieve the "China dream" (中国梦)—this is the form of ontological security that undergirds the three securities (cf. Qin 2003; Callahan 2013).

Wang Yiwei argues that Chinese nationalism is embodied in the concurrent processes of nationalization, modernization, and internationalization (Wang 2012). Western scholars typically view Chinese nationalism as state controlled and top down. This is a misreading, as nationalism is constitutive of identity and strikes at the core of a nation; therefore, since China is a state comprising multiple nations, there is a false "myth" of the essence of Chinese nationalism. Further, the current construction of nationalism in China is a "backward-looking" force, with National Humiliation based on the actions of an imperialist Other in history, and not based on an endogenous self.

The production, consumption, and reproduction of nationalism in China is a fascinating process that speaks of many dilemmas and contradictions. On "National Humiliation Day," as it is informally known—the public is reminded of the Century of Humiliation. This event commemorates China's weakness and insecurity rather than geopolitical awareness and power. In constructivist lens, the state is an "artifact of a continual process of reproduction that performatively constitutes its identity"—this celebration is a ritual that legitimizes China's communist regime, constructing citizenship and national identity in the process (Callahan 2006; Callahan 2010, Campbell 2003: 37). Thus, these rituals continue even though National Humiliation Day is no longer "needed," particularly since, as Qin (2003) notes, the biggest concern now is economic security and nontraditional security.

Throughout this process, the Chinese media's role as a state agent of socialization must be acknowledged. The public may be suspicious of state propaganda, but the media attempts to fuse nationalism and insecurity by portraying China as an innocent victim and engendering "contradictory modes of xenophobia and narcissism" (Lee 2003: 2; Callahan 2010). Yet, new media technologies are increasingly allowing alternative voices to circumvent state-sanctioned discourse on nationalism, causing a fracture in official and unofficial discourse by giving the public a voice. The former is described by Zheng Yongnian as official nationalism, while the latter, unofficial, has often taken on a form critical of Chinese foreign policy (Zheng 2000; Rosen 2012: 97).

Olympic Flame Incident—Public Outcry and Elite Reserve

The significance and meaning given to the 2008 Beijing Olympics in China cannot be overstated. Its meaning is rooted in China's self-image, serving as a "crucible of cultural assertion, political proclamation... [and] mediated

spectacle” (Polumbaum 2012: 56). These meanings feed into the Chinese narratives of entitlement and destiny. There was a strong belief in the rhetoric that the time had come for the Chinese people to share in the Olympic spirit, a final step in the normalization of China in the world. This, at the same time dressed in a political construction—amid the metanarrative of progress and vigor—can hem in a sense of nationalism minus the minority nationalities in Tibet and Xinjiang (Polumbaum 2012: 70; van Ginneken 1998). In this way, Minxin Pei explains why the Communist Party of China placed a huge premium on foreign heads of state and government attending the opening ceremony—the “ontological security” of China was finally being recognized.

The Olympics provided a platform for China to bask in international prestige, with the passage of the Olympic flame to Beijing viewed as a sacred journey. Yet, Jin Jing—the torchbearer on the French leg of the torch run—was greeted by protests and hecklers who dispossessed her of the torch. This was seen by the Chinese public as a “denial of China’s rightful position” as a great power, resulting in “humiliated pride” (Ning 2013: 150; Lowell 2008). Although Jin Jing was initially viewed as a hero, when she questioned the rationale of the Carrefour protests, she also was not spared the invectives. Here, public sentiments and discourse had spiraled out of control, providing a strong motivating force that the government did not share—a divergence, due to the tapping on an “emotional schema... [resulting from] a violation of the norms constituting what it means to be Chinese” (Ning 2013: 152). Due to this lack of understanding, together with the Olympics and the pain point of Tibet, the issue was seen as a political tool for checking China (Ting 2011).

For the elites, the uncoordinated attendance of EU heads of state and government—some attended the Olympics ceremony, some did not—seemed to underscore the notion that Europe was not a unitary or serious political power. However, there was no other huge recrimination, because the stakes in economic and trade ties were deemed too important to be disrupted (Hermansen 2012).

Divergence in Views of Normative Power and Climate Change

On issues that do not tap into this ontological security, such as climate change, which has a less direct bearing on identity, the divergence is less extreme. The identities involved here are more systemic rather than societal and are less visceral. Wang Yiwei (2010) takes a systemic constructivist view in looking at climate change though what he suggests as China’s four identities:

- China’s China—a country with a priority of feeding its own people, and since its per capita emissions are less than those of other developing countries, it can continue to grow

- Asia's China—an East Asian country building up capability in climate change, especially since Asia will suffer the brunt of the effects of climate change
- World's China—a **developing country**, meaning it will prioritize development first and foremost
- World's China—an **emerging power**, taken advantage of by other foreigners through climate tax transfer mechanisms

Chinese elites recognize European normative power, and despite the EU's lack of actorness in other areas, cooperation takes precedence, perhaps a function of the *guanxi* relation and positive inertia that the elites have in reserve for Europe. Although they consider the EU incapable of projecting normative power, due to the intergovernmental foreign policy governance model, they realize that the corporate social responsibility (CSR)⁴ and sustainability norms are strong, and that attention must be paid to these strengths—manifested in organizations such as the Extractive Industries Transparency Initiative (EITI). Although there is no official acknowledgment of the initiative, the importance of transparency and third-party supervision in extractive industries has been noted and added to Chinese operations (Yuan 2012; Ju 2011: 54–55).

Furthermore, with transnational corporations (TNCs) and countries joining the EITI, China has more compelling reasons to join—a clever model by the West in linking “economic security” to clean energy (de Cock, 98). Here, the EU raises awareness through initiatives like the 2005 EU-China Partnership on Climate Change, and also provides expertise such as climate modeling, training, cooperative studies with China on carbon capture and storage technologies, resulting in a complementarity, changing the Chinese views on environmental protection.⁵ Furthermore, the language in China's policies has slowly shifted to a more climate-conducive one (see chapter 11, this volume).

Due to the supportive relationship, China recognizes the EU's leadership. Wen Jiabao sounded the building of “domestic momentum” by suggesting cooperation in climate change technology as a business opportunity (de Cock, 102). Thus, although the last-minute Copenhagen Accord appeared to sidestep the EU, its role remains important.

As noted above on the divergence between the elites and the general public, differences are present here as well. Schooled in the language of nationalism and national interests, most Chinese citizens are relatively new to normative power, although in a 2010 “Chinese views of the EU” public survey, the EU ranks highly in peace, democracy, sustainable development, and good governance (Dekker and van der Noll 2011). Such positive views, however, are thwarted by the Chinese media's painting of the EITI as a

conspiracy of the West (Yuan 2012: 56; Li Anshan 2007). Further, the Raw Materials Initiative (RMI) is painted by *Renmin Net* and *Xinhua Net* as designed to feed the EU's appetite for raw materials despite its environmentalist credentials (Yuan 2012: 57). Thus contradictory top-down and bottom-up demands—the former being pro-EU and transparency standards, and the latter tempered by a news media suspicious of the EU's other goals—lead to very different takes on the situation, and that the Chinese government might not be able to control the endogenous nationalist wave that might be sparked by a flashpoint.

Conclusion

"Rationalist" approaches and theories assume that China's behavior can be understood with notions of utility maximization and a stable, if not fixed identity. However, such studies run into problems when explaining the "irrational" behavior of Chinese leaders or enraged populations, for example, in the case of the 2008 Olympic torch controversy. Social constructivist studies of China's relations with the EU, which show how and why certain discourses and narratives are constructed and reproduced, get around this problem and provide better explanations than typical "top-down" explanations of authoritarian regimes imposing their will on subject populations.

Relations and *guanxi* underpin processes of identity formation. Scripts and patterns of interaction have been embedded in the relationship between China and the EU for at least 60 years, since 1949. Because there are no direct European geopolitical interests or a significant military presence in Asia, opposition to the EU is not deeply ingrained in China. In fact there is a reservoir of positive inertia (Wong 2013b). On the arms embargo, Chinese scholars often point to the United States as the "villain" forcing the EU to align with US policy. They take note of the proactive lead of countries like France to scrap the embargo (Feng 2008: 53; Men 2006: 804). Moreover, there are actors in the EU that facilitate Chinese interests. These actors include the Nordic countries, for example, during the 2006 textiles antidumping incident. As they did not face a serious challenge to their domestic textiles industry, they did not call for a Commission ruling against China (Feng 2008: 48–49).

The EU is viewed by many elites in China as a putative great power. They note that great power relations have always been about maintaining peace, even during the Cold War. Since wars in the post–Cold War era are not between great powers, elites believe there is space for cooperation, not least because China plays by the rules.⁶ Yang further takes on Mao's explication and writes that cooperation with the EU is about working with a second-world power, especially in terms of norms and policy coordination (cf. also Yahuda 1994).

Based on Confucian understandings of relationality, Chinese leaders expect reciprocity from the EU. The relational identity of China with respect to the EU is embedded and expressed in official and public discourse, as well as in art and literature. However, despite expectations about reciprocity and the reservoir of positive capital that the EU has in the relationship, the bigger states in the EU, and especially France and Germany, receive preferential access and treatment.

The EU public and elite have, in recent years, broadly concurred on viewing China with increasing caution, stemming from “much awe and some fear” of the rising economic powerhouse (Wong 2013b). This is despite divergent perspectives—the EU elite views the China-EU relationship strategically and economically, while the EU public views it more normatively.

Indeed, the EU elite has kick-started the process of strategic realignment of China-EU relations, from a policy of “unconditional engagement” to “reciprocal engagement.” China is perceived to have defaulted on its end of the bargain, in making limited progress toward economic liberalization and political democratization (Fox and Godement 2009). Awe and fear seem to have now been supplanted by frustration and indignation. China is increasingly expected by EU elites to “further [open] up its domestic market, to redress the trade imbalance with the EU, to shoulder more responsibilities in meeting various global challenges, [and] to better coordinate with the EU on policies in Africa” (Li 2009: 247). Strategically, the EU’s increasing caution when dealing with China is evident from resurgent EU-United States ties, starting from the failed lifting of the arms embargo in 2005, and a greater willingness on the part of British, French, and German leaders to criticize China (Shambaugh 2005; Li 2009).

Normatively, the EU public is beginning to view China with increasing suspiciousness, despite greater people-to-people interaction between China and the EU. The contradiction here is between a relatively smaller proportion of direct people-to-people linkages versus the disproportionate reach of the media’s largely negative portrayals. The former was fostered by the newly created High Level People-to-People Dialogue agreed upon at the Fourteenth EU-China summit in February 2012, in which greater student mobility, research partnerships, and stronger bilateral networks were pledged. Negative media coverage, however, was comparatively disproportionate in the wake of the award of the 2010 Nobel Peace Prize to Chinese dissident Liu Xiaobo, the 2008 Tibetan crisis, and French president Nikolas Sarkozy’s 2008 meeting with the Dalai Lama. When considered alongside positive people-to-people interaction, the EU public’s views of China remain undefined and ambiguous, though increasingly cautious. This societal experience of China-EU relations, while more normative in

nature compared to the EU elite's strategic concerns, broadly concurs with the elites' general caution and even frustration with China.

Notes

1. The authors are grateful to Clement Law and Valencia Lim for research assistance.
2. As noted by Qin (2003), security interests—having been shaped by the national identity and strategic culture—drive China's security policies. He describes four phases: First, a nation-building phase of 1949–1969, where political security and military security come to the fore; second, 1969–1982: military security concerns were on the rise, whereas political security decreased in importance due to American recognition; third, 1982–1996: economic security as priority; fourth, 1996 onwards: shift toward nontraditional security (1997 新安全观), concerning trust, cooperation, equality. These phases will inform China's movement and policies, especially with regard to the EU. This paper will later cross-refer them with Ning Liao's understanding of ontological security in part III. But notably, as Qin assures us, China is increasingly a player normalized into international society.
3. The four big pillars in Confucian thought are: *li* (customs, morals); *tao* (way, path, doctrine); *fa* (legalist principle or law); and *shu* (method, art, statecraft).
4. The 2007 Strategic partnership with sustainable development as a key point in the Communication, 2007 China National Climate Change Programme with complete section on climate change impact on China.
5. Hu Jintao, Speech at opening Plenary Session of the UN Summit on Climate Change 2009, www.fmprc.gov.cn/eng/topics/hujintaoG20fenghui/t606275.htm.
6. Yang Jiemian (2013) on http://www.ciis.org.cn/gyzz/2013-05/30/content_5993566.htm.

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CHAPTER FOUR

CHINA AND THE EU IN THE UN

Jian Junbo and Chen Zhimin

China and the European Union (EU) are both active players in the United Nations (UN). As one of the founding members of the UN, a permanent member of UN's Security Council (UNSC), and a rising power in the world, China's influence in the UN has been on the rise. The EU, along with and through its 28 member states, is a major financial contributor to the UN and has always been an important player in UN-sponsored global governance, especially after its "super observer" status in the General Assembly (UNGA) was established by Resolution 65/276 on May 3, 2011. Nevertheless, as two significant and influential actors, their coordination in the UN in security, political, or developmental areas has not been developed at a high level, as was imagined, due to their different status, positions, strategies, values, and so forth.

This chapter analyzes and explains EU-China relations in this world organization. In the first section, we focus on bilateral interactions in UN-led global governance, and then we examine the interaction in the UN on issues related to China's domestic affairs (such as Taiwan issue or China's human rights record). The third section assesses their different positions on the UNSC's reform. Their interactions in the UN are theoretically interpreted in the last section.

China and the EU in the UN: Global Governance

Both China and EU are active supporters of the UN. The March 2014 China-EU Joint Statement claimed that "both sides emphasized multilateralism and the central role of the United Nations in international affairs."¹ This section examines the interactions between China and the EU in two key areas in which the UN is strongly engaged in global governance: security and development.

Security Governance: From Peacekeeping to Crisis Management

China and the EU both consider the UN as the central forum for solving security issues in the world, and have a common interest in developing cooperation in UN security governance. Javier Solana, the EU's former High Representative for Common Foreign and Security Policy (CFSP), labeled China as a "pillar of the organization of a new world,"² and as early as in 2004, the EU had "welcomed the association of China to the diplomatic efforts initiated by the EU to resolve the nuclear issue in Iran" under the UN framework. China also sees the EU as a major potential partner in this regard. The China's 2014 "Policy Paper on the EU" outlined a number of values of working with the EU on security governance: jointly upholding the authority of the UN, safeguarding the victory of World War II and the postwar international order, supporting the UN in its leading role in upholding world peace, upholding international fairness and justice, increasing exchanges in UN peacekeeping activities and cooperation through personnel training and experience sharing, and so forth.³

Because of these shared understandings and positions, China and the EU have insured some cooperation between them—although it is somewhat limited—on international security issues, especially in peacekeeping and solving some regional security problems.

For instance, in October 2008 during the Darfur crisis, the European Commission issued a new communication, which aimed to conduct a trilateral dialogue—including cooperation in peacekeeping—between China, the EU, and Africa.⁴ Before that, China had blocked European attempts to impose various sanctions on the Sudanese government, which the EU accused of failing to prevent or of being responsible for the humanitarian crisis in the Darfur area. In the aftermath of the originally unsuccessful African Union (AU)-led peacekeeping operations, China and the EU started to realize the urgency of the situation, and worked together to push through a widely supported UNSC resolution based on the Kofi Annan plan in January 2009. China actively persuaded Khartoum to accept this resolution, and to invite a joint UN-AU peacekeeping force to be deployed in Southern Sudan. This development, of course, was also endorsed by the EU and its members.⁵ Generally, due to Beijing's close relations with Khartoum, Beijing's involvement played a crucial role in convincing Omar al-Bashir to accept this joint UN-AU troop deployment. With that development, China and EU worked in their different ways to ensure enough measures would be taken to de-escalate the situation in Sudan, along with other international actors such as the United States, the AU, and the League of Arab States.

China-EU cooperation can also be found in the UN-authorized or UN-led peacekeeping missions in Lebanon, Democratic Republic of Congo

(DRC), and Mali, and wider and deeper cooperation can be expected in security areas like peacekeeping, crisis management, and peace building. A good example is their joint support and participation in the UN-authorized antipiracy operation in the Gulf of Aden. In February 2012, one top official of China expressed the view that, "based on voluntary participation and equal consultation, China is willing to further strengthen the coordination of military action and sharing of information with related partners." In March 2014, China and the EU conducted a joint naval exercise in the Gulf of Aden, aimed at improving the capability of joint action in fighting pirates and terrorists and maintaining maritime safety. As the first China-EU joint naval exercise, it undoubtedly increased the shared willingness to deepen their cooperation on nontraditional security within the framework of UN.

China-EU's cooperation on security is also found in the field of non-proliferation and arms control. In 2004, the two sides issued a joint statement on nonproliferation and arms control, welcoming the approval of the UNSC's Resolution 1540, which aimed at strengthening the nonproliferation regime, to alleviate the threat to international peace and security posed by the proliferation of weapons of mass destruction (WMD) and their means of delivery. They also declared their support for the UN's role in the nonproliferation of WMD and to jointly ensure the implementation of Resolution 1540.⁶ Meanwhile, both sides demonstrated appreciation for each other's cooperation with the UN in addressing issues related to international peace and security. For example, China welcomed the Lithuania proposal of enhancing EU-UN cooperation in the field of international peace and security in 2014. The deputy head of China's delegation to the UN stated that "China is willing to work with the EU to implement both leaders' consensus, deepen China-EU strategic mutual trust and strengthen cooperation in the United Nations and other multilateral fields, jointly making efforts to promote world peace, stability and prosperity."⁷

Nevertheless, China and the EU's cooperation in the security area in the UN also has its limits. On some issues, their different positions have hindered their further cooperation at the UN. For instance, their collaborative relationship at the UN was seriously challenged in the cases of Libya and Syria. When France, the United Kingdom, and the United States pushed the UNSC to approve a resolution authorizing military intervention against the Mu'ammar Gaddhafi regime in Libya, China abstained from the resolution. Subsequently, as the military intervention heralded by France and the United Kingdom shifted from protection of civilians to a regime-change operation, the Chinese position hardened. In the Syrian crisis that came next, China cast three vetoes in the UNSC against strong coercive resolutions on Syria that were tabled by the United States and its European allies. Beijing once again performed at the UN as a more stalwart defender

of noninterference, which is one principle of the UN Charter. Moreover, China did not have an interest in attending the EU-supported “Friends of Syria” in 2013, although China was actively involved in the France-initiated “Friends of Libya” in 2011.

Generally speaking, China-EU interaction in the security area within the UN framework indicates that their cooperation at the UN “remains even more limited and so far does not go beyond some cautious exchanges within the UN framework, such as anti-piracy operations in the Gulf of Aden or peacekeeping missions in Africa.”⁸ Even regarding peacekeeping in Africa, China’s “coordination with the European Union on military operations in Africa is negligible.”⁹ In practice, in the UN, China and the EU do not have any kind of cooperative protocols or agreements or institutional arrangements,¹⁰ although they have some shared opinions on peacekeeping, nonproliferation, and crisis management, and also have a shared willingness to work together.

Sustainable Development: Aid and Climate Change

China and the EU are also stepping up their cooperation in development aid and climate change within the framework of UN.

In 2008, the European Commission in one of its communications—*The EU, Africa and China: Towards Trilateral Dialogue and Cooperation*—proclaimed that “Africa, China and the EU should work together in a flexible and pragmatic way to identify and address a specific number of areas that are suitable for trilateral cooperation and to link this cooperation where possible with existing commitments in multilateral fora and in particular the UN,” and that “dialogue at Headquarters and local level should be expanded on the basis of the existing EU-Africa and EU-China dialogues and complement also the UN framework,” while dealing with “development policy dialogue and development partnership.”¹¹ China, in *China’s Policy Paper on the EU* (2014), proposed that the two sides should “support the UN in playing its lead role in . . . promoting common development and advancing international cooperation.” Generally, their common willingness to cooperate on assistance and developmental issues within the framework of the UN has laid the foundation of practical cooperation in area of development in the future.¹²

Such a willingness to cooperate can also be seen in their dealing with global climate change. At the China-EU summit 2005, the Joint Declaration on Climate Change was approved, and it symbolized a milestone in their cooperation within the UN framework on climate change. In 2010, a special cooperative mechanism on this issue—a bilateral working group—was established at the ministerial level. In the first ministerial dialogue on

climate change, both China and the EU reaffirmed the UN's Copenhagen Accord and pledged to jointly push to reach a consensus that would reflect the common opinions formulated in the UN's negotiations. According to these common ideas, their cooperation—if not deep and substantive, at least active—at the UN-sponsored climate change conferences in Cancun, Bali, or Durban yielded positive results in pushing forward global cooperation in the UN framework. In 2013, a China-EU joint cooperative framework strengthened their common desire to support the UN Framework Convention on Climate Change, the Kyoto Protocol, and other projects on climate change and on reducing carbon emissions by working together within the UN framework.¹³

At the same time, China-EU cooperation in these areas, for a number of reasons, is not significant compared with the lofty aims set by both sides. First, China is in general inclined to use bilateral approaches to implement its external development policy, while the EU favors multilateral approaches. The *China White Paper on Foreign Aid 2011* stated that “China’s foreign aid is provided mainly through bilateral channels. At the same time, China also has done its best to support and participate in aid programs initiated by organizations like the United Nations.”¹⁴ On the EU side, multilateral arrangements, among which the UN is a significant platform, have been widely used to channel its development aid. EuropeAid, for example, an EU institution mainly in charge of aid policy, stated that “the European Commission is also a significant UN partner... The Commission and the UN have built up a history of successful cooperation in specific thematic sectors, such as election assistance. Cooperation also takes place in areas where both organizations have common policy interests.”¹⁵ Additionally, the EU also has links with UN agencies on development projects. For example, the European Commission established a strategic partnership with the UNDP, with the aim of “enhancing and increasing the development effectiveness of their efforts to achieve their common goals and objectives in the field of development.”¹⁶

Second, their development policies have different focuses and ways of being carried out, which limits China-EU cooperation on development issues. China’s aid for developing countries is intended to “support and assist developing countries, especially those least developed countries, to reduce poverty and improve people’s livelihood.”¹⁷ The aid to these countries is not attached to any political conditions. In contrast, the aid provided by the EU and its members is based on clear demands for the reform of political and social systems in the countries that receive aid. EU’s Directorate General for Development and Cooperation explicitly states that the mission of its development policy is to “reduce poverty in the world, to ensure sustainable economic, social and environmental development and to promote democracy,

the rule of law, good governance and the respect of human rights.”¹⁸ In reality, their different approaches toward development policy make them competitors more than collaborators, especially in Africa, where both have been involved deeply in recent years.

Third, with regard to climate change, where EU-China cooperation is more visible, cooperation between the two sides is still difficult on account of the existence of a major positional difference between them. China, as a developing country, still puts a major emphasis on the latter part of the general principle of “common but differentiated responsibilities,” not ready to commit itself to an early timetable for cutting absolute emission levels, while the EU, which points out that China has become the world’s No. 1 carbon emissions country, wants China to make a much larger commitment to carbon emission reduction.

For these reasons, it is understandable that cooperation between China and the EU in promoting sustainable development is still much constrained. Although it is understood on both sides that these issues will be tackled more fruitfully globally through the framework of the UN, it seems the reality is, their willingness to cooperate is stronger than their joint actions.

China and the EU at the UN: Chinese Domestic Governance

Part of China-EU relations at the UN involves issues seen as domestic affairs of China, such as projects for capacity building in China, the status of Taiwan, human rights, and so forth. China and the EU maintained overall cooperation in and through the UN on Chinese social development, and the Taiwan status issue was also carefully managed by the two sides. On the human rights issue, however, China and EU have found themselves in dispute, even open confrontation at the UN, though in recent years, these issues have appeared more manageable than in the past.

Projects for Civil Society Development

As a developing country, China has been receiving development assistance from the EU. Starting in 1984, the EU (European Community) as a donor aided China in the fields of judicial reform, agriculture, environment, energy, education, and so on, until it ended its official development assistance (ODA) to China in 2014. Most of these aid projects are carried out through bilateral channels, yet some are implemented through the UN’s Development Program (UNDP).

For example, one China-EU-UN joint project on promoting China’s village management was signed in 1998 and kicked off in May 2001. It mainly aimed at training grass-roots cadres in Chinese rural regions, especially those

in villages, promoting their management capability, pushing village democratization, popularizing the law in village committees, and so forth. The Chinese Ministry of Civil Affairs and the EU's Delegation to China jointly hosted this project. Executive directors of the project were from both China and the EU, with UNDP officials offering technological assistance for this project.¹⁹

As another example, in 2007, the EU, the UN, and China as partners started a four-year project—"equal development and democratic governance"—aimed at promoting the construction of the Chinese legal system and the development of social organizations in China. This was a UN projects to promote China's democratic governance, reform of the legal system, and the accountability and transparency of public institutions. In this trilateral cooperation project, the UNDP was involved as the executive institute, working with the EU to facilitate China's National People's Congress, the Supreme People's Court, the Ministry of Civil Affairs, and so on to enhance their efficiency and capabilities.²⁰

It was thought that, by bringing in the UN agencies, these civil society capacity-building projects would be accepted by the Chinese side more comfortably. It could serve interests of both the EU and China, in the sense that it could advance EU's agenda of promoting a strong civil society in China, while relieving the anxiety on the Chinese side about the EU's intention to weaken the ruling party in the Chinese society. However, such cooperative projects are still sporadic, based on a case-by-case approach, and not institutionalized.

Taiwan's UN Status

Generally, the EU maintains a "one China policy" in its relations with Taiwan, bilaterally and in multilateral fora such as the UN. Therefore, the issue of Taiwan's international status never surfaces as a major problem in China-EU relations.

A challenge was brought up in 2007 by the then-proindependence leader Chen Shuibian of Taiwan, with his proposal for a "referendum on UN membership." For Beijing, this "referendum on UN membership" was absolutely unacceptable, since only a sovereign state has the right to be UN member, and Taiwan is not a state in the eyes of Beijing.

In view of China's strong opposition to this referendum, Cristina Gallach, the spokesperson for the EU's High Representative for Common Foreign and Security Affairs, stressed in July 2007 that the EU insisted on a one-China policy and that each member state opposed this referendum. She stated that the EU considered this referendum as an attempt "to change the status quo and undermine stability... The EU has therefore urged the Taiwanese authority not to support this referendum."²¹

At the China-EU summit in that same year, José Manuel Barroso, president of the European Commission at the time, said that the EU was strongly dissatisfied with Taiwan's move and did not support it since the "referendum" was a dangerous activity to unilaterally change the status quo.²² Similar statements were made by the EU in 2008.

While the executive branch of the EU adopted a policy that was welcomed by the Chinese side, within the European Parliament, some of its members voiced their support for such a referendum. For instance, in October 2007, a cross-party group with 84 members issued a joint statement, claiming that "Taiwan has never been ruled by the people's Republic of China, Taiwan is a democratic country that has realized the rule of law and universalization of human rights," and also asserting that it "obviously is wrong and unjust" for the Secretary-General of the UN, Ban Ki-moon, to allege that Taiwan is part of China. The statement went on to urge the EU to support Taiwan's bid to join the UN. In addition, the European Parliament also supports Taiwan's access to the World Health Organization (an affiliated institution of the UN that consists of sovereign states).

Human Rights

In 1995, the EU issued the first China policy document. In all of its policy documents on China from then on, the EU reiterated that, improving human rights, democracy, and the rule of law in China constitutes one of the core purposes of its China policy. The 1995 document, titled "A Long Term Policy for China-Europe Relations," stated that "[t]he EU must pursue a detailed dialogue on all aspects of human rights at every opportunity." Meanwhile, it highlighted the need to bring pressure on China through international organizations. "The EU puts particular stress on the involvement of the international community through the UN Commission on Human Rights," it stated.²³

From 1993 to 1997, some EU members (such as Denmark, Germany, Britain, Holland, and Sweden) put forward draft bills on Chinese human rights in the UN Commission on Human Rights (UNCHR) every year, criticizing China's human rights record and trying to force Beijing to start some political reforms at home. The Chinese government usually regarded such moves as confrontational and offensive, and disruptive to China-EU relations. To prevent the UNCHR from adopting such resolutions, China engaged in fierce diplomatic battles to rally support from other developing countries. Each year, China successfully won majority support for a "no-action" proposal from China, and the UNCHR never passed such European resolutions.

In February 1998, EU foreign ministers finally reached a consensus that the EU and its members would no longer put forward such bills on Chinese

human rights to condemn China in the UNCHR, although practically some individual members like Demark continued the futile attempt in 1998 alone. After the EU gave up its annual attempt to criticize Chinese human rights in 1999, Sun Yuxi, a spokesperson for the Chinese Foreign Ministry, said that the “Chinese government welcomes this decision of the European Union. It is beneficial for both sides to strengthen the dialogue and cooperation in the field of human rights, and further promote the development of China’s bilateral relations with the EU and its member states.”²⁴

The EU’s withdrawal from this battlefield in the UN can be attributed to two reasons—it failed each time, and starting in 1995, China and the EU set up high-level annual human rights dialogues. The EU considered it can impose pressure on China through a bilateral diplomatic channel, instead of more damaging multilateral fora like UN.

Nevertheless, the EU’s human rights policy shift does not mean it has abandoned the UN platform in pursuing its human rights agenda toward China. It still uses the UN Human Rights Council to voice its concerns about human rights situations in China, though with a less confrontational approach. For example, in March 2012, the EU and some of its members in the UN urged other countries’ delegates to draw more attention to the so-called human rights of Tibetans in China. In September 2013, the EU asked the UN’s Human Rights Council to pay focus on the “human rights issue” in China’s Tibet and Xinjiang, and demanded that the Chinese government allow UN officials to conduct an investigation in Tibet.

China and the EU at the UN: Reform of the UNSC

In 1965, with a view to expanding UN membership, the Security Council was enlarged from 11 to 15 members, and the required majority was from seven to nine votes. Since the end of the Cold War, calls for further expansion of the Council to reflect the new political landscape have been mounting from various parts of the world. In 1992, under a push from states like Japan and India, stimulated by UN Secretary-General Boutros Boutros Ghali’s report, *The Agenda for Peace, Preventive Diplomacy, Peacemaking and Peace-Keeping*, the UNGA asked the Secretary-General to prepare a proposal on the UNSC’s reconstruction. In 1993, one report by Secretary-General Ghali on the reallocation and expansion of Security Council seats was published. Some special working groups of the UN were established thereafter to find ways of reforming and strengthening this organization. However, the real momentum came with the 2004 report titled *High-Level Panel on Threats, Challenges and Change*, which was endorsed by Secretary-General Kofi Annan in his 2005 report, *In Larger Freedom: Towards Development, Security and Human Rights for All*.

In the tortuous reformative process of UNSC, the EU has never been a united collective actor, due to internal splits among the member states. Therefore, China-EU relations on this issue are basically a relationship between China and individual member states of the EU. On the European side, two groups were in internal dispute. Germany, a defeated country in the World War II but now the biggest state in the EU, decided to seek permanent membership (if necessary, without veto power) for itself. It received support from a majority of EU member states, including France and the United Kingdom, the two permanent members of the UNSC. As one major financial contributor for the UN and also as the strongest member in the EU, Germany considers it has a natural right to earn a permanent seat on the Council. To strengthen its chance of winning its bid, Germany entered a coalition with like-minded Japan and some other countries (Brazil and India), all earnestly expecting to join the club, and formed the Group 4 to launch a collective campaign for permanent seats on the UNSC.

Nevertheless, Germany's aspiration was strongly opposed by Italy. Without its own seat on the UNSC, Italy was already in an inferior position to France and United Kingdom. Italy was unhappy that Germany now marched ahead of itself with a new permanent seat on the UNSC. As an alternative proposal, Italy proposed that in the future, the EU should have a single seat on the UNSC. With that proposal, Italy hoped that not only would Germany be prevented from having a new seat on the UNSC but also that the seats of Britain and France could be replaced by the EU seat.

Italy's single EU seat proposal was echoed by Javier Solana, the EU's foreign and defense policy chief at the time. On several occasions he said that a European seat was a "good idea," and that a "possible cause" for the rift among the EU member states is that the EU is not represented by one seat on the Council.²⁵ The European Parliament seems to share the same view. In May 2011, the Parliament claimed that "an EU seat in an enlarged UNSC remains a central, long-term goal of the European Union."²⁶ It is arguably a necessary instrument for the EU to become a full-fledged international actor, and it is surely consistent with the aim of the EU's Common Foreign and Defensive Policy.²⁷

On China's side, in 1994, Qian Qichen, the then-Chinese vice-minister of foreign affairs, explained the position of China on the enlargement of the UNSC membership. He stressed that the expansion of the membership should give full consideration to the principle of equitable geographical distribution and should make the Council broadly more representative. In 2013, Liu Jieyi, China's ambassador to the UN, presented China's position on the UNSC reform at the General Assembly. He said the reform can only be accomplished through democratic discussion and careful consultation, achieving consensus, and seeking a package solution. Meanwhile, the

reform should give priority to increasing the representation of developing countries, especially African countries, and allow more countries, especially the small members, to have more opportunities to enter the Council and participate in its decision-making.²⁸

Throughout the years, China in principle has been supportive of the idea of enlarging UNSC membership. At the same time, China insists that any future expansion should be based on a broadly formulated consensus, and that any reform should be conducive to enhancing the authority and efficiency of the Council and strengthening its capacity to deal with global threats and challenges. Meanwhile, China clearly opposes any expansion plan that would allow Japan to have a permanent seat on the UNSC. Implicitly, China also rejects the idea of granting veto power to any potential new members. Taking into consideration the difficulties in reaching a consensus on enlarging the membership of the UNSC, China opposes setting a time limit for the reform or forcing a vote on any proposal without consensus. As Liu Jieyi said, "it would not be helpful for the reform's healthy development and would deviate from its correct direction, and also make it more difficult if to artificially set a time limit in an unripe condition and force to promote some specific programs."²⁹

Up to now, on UNSC reform, the EU still remains divided internally, unable to reach consensus and put forward a common position in the UN. Germany is striving for a permanent seat on the UNSC, while Italy, leading the *Uniting for Consensus* (UfC) group, supports an enlargement of nonpermanent members. Meanwhile, both demand a European seat in the long run. For France and the United Kingdom, while they are still supportive of a new German seat, they are more cautious and have always campaigned against any proposal that would significantly alter the current status quo.³⁰ At the EU level, the common voice is no voice. The then-High Representative for Foreign Affairs and Security Policy of the Union, Lady Ashton, during her appearance before the European Parliament in January 2010, stated in a reply to a question by the vice president of the Parliament, Mario Mauro, who supported one seat for the EU on the UNSC, that she had no opinion about an eventual EU seat on the Security Council.³¹ As explained by Nicoletta Pirozzi and Natalino Ronzitti, this division is due to "the tension between 'intergovernmental' and 'integration' approaches among the EU member states vis-à-vis their role within the UN Security Council."³²

In principle, both China and the EU agree that the UNSC, as the most influential institution in the UN, should be reformed to meet the needs of a new era. Apart from that, because of their different positions on the concrete UNSC's membership reform plans, China and the EU do not have significant cooperation. China vaguely supported Germany in having a

larger role on the Security Council, but it associates itself with the UfC club in which Italy is a key player. Its determination to deny Japan any chance of having a permanent seat on the Council implies that any German bid that is tied to a Japanese seat would suffer collateral damage.

Explaining the Underdevelopment of China-EU Cooperation in the UN

Although both China and the EU uphold the central role of the UN in global governance, their cooperation is not fully developed, and on many occasions, they are competing rather than cooperating. Many reasons for this can be offered, but this chapter focuses on the three most important ones: institutional status, normative divergence, and coalition strategy.

Different Institutional Status in the UN

The EU is a special observer of the UN because, in general, sovereignty is the basic threshold of membership of the UN. Therefore their relationship in the UN is not similar to the relationship between China and a sovereign state. Although in May 2011, the UNGA passed a resolution on the “Participation of the European Union in the work of the United Nations,” upgrading the role of the EU within the UNGA to “super observer status,” to enjoy the rights of speaking, making proposals and submitting amendments, replying, raising points of order and circulating documents, it still cannot fully act in the UNGA as a sovereign state. Moreover, on the Security Council, this enhanced status does not add more clout for the EU, since the EU still has no institutional status there, as in the UNGA. Hence, the EU has to make its voice heard when France and the United Kingdom agree to invite the EU representative to present the Union’s position (Article 34 TEU). Indeed, the then-High Representative Catherine Ashton was invited to the Security Council in May 2010, to present the Union’s views on EU-UN cooperation in the field of peace and stability. However, such action has been exceptional since then, making the EU not a key player on the UNSC.

In other words, even though the EU’s participating right has been enhanced, the capability for it to cooperate with China is limited. In the UNGA, the EU is there, coordinating the member states, but due to the intergovernmental nature of foreign and security policy, member states still can act by themselves when the Union does not reach a common position. The so-called “one voice” in the UN is often not a reality due to the different interests and positions among its members on given issues. On the UNSC, France and the United Kingdom are obliged by the Lisbon Treaty

to act in concert and keep other member states informed, and defend the EU's position and interests, but they are also allowed by the Treaty to act on their own. Article 34 TEU stipulated that the obligation of EU members on the Security Council to coordinate with other member states is "without prejudice to their responsibilities under the provision of the United Nations Charter."

For instance, in the Libya case, Britain and France argued that Gaddhafi's regime should be sanctioned by force, while Germany did not support this approach. On the reform of the UNSC, it is clear Italy's position conflicts with that of Germany. So the EU was unable to make "one voice" in the UN in some cases.

Moreover, even if the EU can make "one voice" in the UN, due to limits on its resources, especially in foreign and security matters, the implementation of any UN decision rests mostly on the member states. That also reduces the seriousness of the EU as a Chinese collaborating partner at the UN.

The complicated nature of the EU's institutional status indicates three general ways of in which the EU can act at the UN: along with the member states when there is a common position; through member states when there is no common position; through member states when there is a common position on the UNSC. With such an institutional status of the EU, China can only cooperate with it on limited matters in the UNGA when the EU shares a common position, and in the UNSC, still, those EU members that belong to it, especially the two permanent members, France and the United Kingdom, are the most important partners with which China can work.

Different Norms and Positions

Both China and the EU support in general multilateralism as it is embodied in the UN system. When the US government under President George W. Bush at the beginning of twenty-first century adopted a unilateralist foreign policy, the shared interests between EU and China in upholding multilateralism did play a role in restraining US unilateralism. However, as the United States retreated from its excessive unilateralism in President Bush's second term, paying more attention to its traditional allies and multilateral institutions, the EU and China started to realize that their understandings of multilateralism actually diverge on many fronts.

A rule-based order or a sovereignty-based order is the first major difference between the EU and China regarding multilateralism. As for Europe, sovereignty sharing and binding rules are the central building blocks in EU governance, which could be extended to global governance. Solana, former High Representative for Common Foreign and Security Policy of the EU, said in 2002 that "our tradition of shared sovereignty, the belief in collective

action comes naturally to Europeans. More than forty years of experience has taught us that multilateral solutions are an alternative to war and that sovereignty shared is sovereignty revitalized.”³³ In 2003, the EU adopted a European Security Strategy, which committed the EU to shaping an “international order based on effective multilateralism,” and to fostering a “strong international society, well-functioning international institutions and a rule-based international order.”³⁴

For Europe, a rule-based international order would be just a natural extension of the European order, and EU members have no problem in sharing sovereignties with each other. For China, although it shares the view that the UN should be the central platform for global governance, it has a limited view of a rule-based international order and great suspicion of the concept of sovereignty sharing. As Benjamin Barton commented, “the sovereignty-sharing goes against China’s foreign policy principles of not interfering in the domestic affairs of a fellow country.”³⁵ As a sovereign state, China supports the international rules based on consensus, and soft rules that do not infringe the sovereign rights of states. Following the principle of sovereign equality, China applies the norm of “reciprocity even in situations of asymmetric power.”³⁶ Furthermore, China is suspicious that strong rules at the international level pushed by the leading countries (mostly developed countries) may in general reflect more of the interests of developed countries, rather than those of developing countries. For example, under a European initiative, international society established the International Criminal Court (ICC), to prevent and punish those who engaged in war or committed other serious humanitarian crimes. China did not sign on to the treaty and only very occasionally supported the referring of such cases to the ICC.

The approach of enforcement through sanctions and force or through diplomatic means is another major difference between EU and China in solving interstate and intrastate conflicts. For European countries, to make multilateralism effective, if necessary, it supports international society in imposing various sanctions on a target country without the consent of that country, although it is more reserved in using military force, as compared to the United States. Recent developments indicate that, even in the latter aspect, European countries are becoming more willing than before to use military forces in their policies. France and the United Kingdom took the lead in pushing the UNSC to pass a resolution to use force to protect civilians from the Gaddhafi regime in the rebellious region in Libya in 2011, and they even went beyond the UNSC resolution in orchestrating regime change in Libya thereafter. For China, sanctions and force are not regarded as the best way of solving conflicts. On the contrary, these means are seen as factors that exacerbate the conflicts. China prefers persuasion, incentive, and mediation, all peaceful and political means for solving conflicts.

It regards the use of sanctions and force as a last resort, and as an approach that should be adopted only with authorization from UNSC. Because of its different perspective, China did not support European military intervention in Libya, and because of a perception in China that authorizing the use of force to protect civilians has been abused by Western powers to justify their regime change operations, it decided to veto any recent UNSC resolutions on the crisis in Syria, which explicitly or implicitly included provisions of military enforcement.

The third difference centers on the different priorities of the EU and China between a postdevelopmentalist agenda and a developmentalist agenda. EU is a bloc of highly developed member states, with a strong agenda beyond developmentalist concerns, such as human rights, environmental protection, good governance, and democracy, on their UN agendas. For China, although it has become the world's second-largest economy, in terms of its gross domestic produce (GDP) per capita and human development index (HDI), it still is a developing country, and has put development as the top priority. China also believes that to solve many problems around the world, in particular in the developing countries, the best way is to bolster economic and social development in these countries, so as to address the root cause of underdevelopment. After decades of socialization with the international society, China has now embraced in principle most of the values and norms championed by the Europeans, such as human rights, environment protection, and good governance. However, Chinese tries to balance its pursuit of these agendas with the main long-term focus on development, and this mismatch of policy priorities between China and the EU has led them to fall into disputes and sometimes conflicts in managing global and regional affairs.

Different Coalition Preference and Strategy

Due to the normative divergence, China and EU tend to adopt quite different coalition strategies in the UN. During the "honeymoon" period at the beginning of this century, European countries, particularly Continental old members of the EU, shared a general interest with China in checking US unilateralism. However, this strategic incentive for a China-EU coalition dissipated few years later. Now, China-EU cooperation is very much issue specific, depending on their alignment of interests on a specific issue. For example, China and the EU worked in concert to discourage Iran from developing nuclear weapons, while they confronted each other regarding the Syrian crisis at the UN.

When policy divergence emerges within the EU, it is not unusual that China might align with certain member states, while distancing itself from

other EU member states, a factor that complicates China-EU cooperation at the UN. For example, Germany did not support the Franco-UK initiative to intervene in Libya militarily, abstained from voting along with China and other BRICS (Brazil, Russia, India, China, and South Africa) countries on the UNSC in 2011. China somehow endorsed the “Uniting for Consensus” club at the UN, since it demanded a superconsensus in reaching any agreement to expand the membership of the UNSC, although according to this club’s vision, Italy would be a member of it, while most of other EU countries are not.

When the EU has a common policy and it diverges from that of China, the two parties tend to reach out first to others to seek external support, rather than working out a mutual compromise between them. China favors policy coordination with Russia, other BRICS countries, and fellow developing countries, while the EU countries in general align with other developed countries, especially the United States. In general, BRICS and developing countries share a similar sovereigntist view on global governance, and a developmentalist agenda with China, while the EU and its members share a view of binding rules and a postdevelopmentalist agenda with other Western countries.

The Ukraine crisis in 2013 caught China in an awkward position as the confrontation between EU and Russia deepened to an unprecedented level. Russia’s takeover of Crimea against the will of the Ukraine government compromises China’s diplomatic principle of upholding the territorial integrity of states around the world, but China is also concerned that Western interference in the domestic affairs of Ukraine may be partly responsible for subsequent unwelcome developments. In the voting on the UN’s resolution on Ukraine territorial integrity on March 27, 2014, China chose not to side with the EU countries, nor with Russia, but to abstain with India and Brazil. China did not want to openly support Russia’s move, which might encourage a similar separatist movement in China and around the world, but China also did not want to oppose Russia, which is a close strategic partner of China. This new development also indicates that, even when there are differences between the EU and China, these differences are not as irreconcilable as those between the EU and Russia. Acknowledging this might lead the EU and China to rethink their relationship between themselves and in the UN.

Conclusion

In the present globalized era, more and more international problems cannot be solved by individual states, or by any single international organization. Even for a universal intergovernmental organization like the UN, its

governance capacity is also limited. Because of this governance shortfall, other organizations and arrangements in international society have been established and developed, such as the G20 and BRICS, a fact that has been acknowledged by both the EU and China. For example, in the Joint Press Communiqué on the Fourteenth China-EU Summit, both sides “support G20 as the main forum for international economic cooperation, and to play more roles in global economic governance.”³⁷

Nevertheless, the UN is still the most legitimate and authoritative organization for dealing with international issues, and the central forum for global governance. China and the EU have strong reasons for upholding the role of the UN, and in addressing many common challenges all countries are facing, and in order to fulfill their obligations under the UN Charter, the EU and China can and should develop more cooperation in the UN system.

As mentioned above, on quite a few issues, the EU and China may only achieve limited cooperation, and competition is not unusual between the two sides. In this chapter, we identified three factors that may limit their cooperation: different institutional status, divergent normative agendas, and their different coalition preferences and strategy. Meanwhile, as Europe is overshadowed by a rising level of confrontation between the EU and Russia, the EU and China may also realize that the differences between their two sides are not that irreconcilable. More efforts have to be made to expand their cooperation within the UN framework, to prevent the world from falling back into a new “Cold War” between the East and the West, and in doing so, to give more substance to the professed China-EU global strategic partnership.

Notes

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CHAPTER FIVE

SHAPING THE AGENDA JOINTLY? CHINA AND THE EU IN THE G20

Hongsong Liu and Shaun Breslin

Introduction

Since the eruption of the global financial crisis in 2008, the Anglo-American model of financial regulation has been widely discredited. Indeed, while this crisis is still referred to as a “global” crisis, it was in effect a specific form of capitalism associated with the “West” that was really in crisis.¹ The crisis exposed the severe shortcomings of a global financial architecture “known variously as neoliberalism, the Washington Consensus or the globalization consensus,” centered on the notion that all governments should liberalize, privatize, and deregulate their economies to generate growth.² Even the architect of “the Washington Consensus,” John Williamson, acknowledged that the crisis had done much to undermine confidence and faith in the (neo)liberal approach, and instead fortified proponents of strong state forms of capitalism such as the “Beijing Consensus.”³

In response to the need to manage the global financial crisis collectively, the Group of Twenty (G20) meeting of ministers of finance and central bank governors was upgraded to summit level in 2008, and rapidly evolved into what a US congressional report referred to as “the premier forum for international economic cooperation.”⁴ Crucially, in responding to the crisis, leaders of the “traditional” powers in the post–Cold War global order accepted that they could no longer solve global problems (or indeed, even their own problems) on their own. The task of finding immediate solutions to the crisis, and also longer-term structural changes to the nature of global governance, simply had to reflect the changing balance of global power by bringing emerging powers and developing countries to the table. As such, the global financial crisis gave rise to a “critical juncture” for institutional change in global economic governance away from the dominance of a

narrow Group of Seven/Eight (G7/8) alliance of states to a broader, more inclusive (but still not comprehensive) set of actors and interests.

For decades, China and European states have practiced economic governance models that have diverged from the US neoliberal model. Within Europe, there are, of course, many different varieties of regulation and forms of capitalism—even within those states that generally prefer what we refer to here as a European Union (EU) welfare state model of capitalism. And there are also substantial differences between this broadly defined EU model and Chinese modes of (and preferences for) economic governance and regulation. Nevertheless, China and the EU have some common core ideas relating to prudential regulation of financial markets and toleration of (degrees of) moderate government intervention in economic governance. Hence, the upgrading of the G20 to the leaders' level provided a window of opportunity for the EU and China to propose alternative models and shape the agenda for the reform of global economic governance.

In the light of what leaders on both sides have expressed in various speeches, both the EU and China have a willingness to promote reform of global economic governance—not just individually but together. However, there is little evidence to suggest that the EU and China jointly endeavored to shape the agenda in the G20 process. Why did they fail to do as the leaders on both sides said they would do? With this key question in mind, this chapter examines the interaction between China and the EU in the G20 process through the lens of the politics of global governance.

This chapter is divided into four parts. The purpose of the first part is to understand the G20 members' incentive for shaping the agenda. With regard to incentive, the authors argue that (1) the informal character of the G20 allows the members to put forward issues for discussion and (2) the consensus reached in G20 meetings can be put into practice in formal international organizations such as the International Monetary Fund (IMF), World Trade Organization (WTO), and the United Nations (UN). For a particular G20 member, shaping the G20 agenda according to its own preference means that its preference can guide the reform of global economic governance.

The second part discusses the EU's and China's agenda-setting in the G20 by illustrating that the EU and China did not shape the agenda in concerted action on the issues of international financial market regulation and international financial institutions reform preferred by both sides.

The discussion in the third part focuses on what hindered China-EU cooperation in shaping the agenda. For this question, the main arguments include the following: (1) the lack of internal cohesion between the EU member states impeded China-EU cooperation on the issue of regulating the international financial market; (2) the EU and China have different

pressing concerns regarding international financial institutions reform; and (3) the European debt crisis undermined the attractiveness of the European economic and social governance model, and therefore reduced the likelihood of China-EU cooperation in shaping the G20 agenda. Then, the limits of the China-EU strategic partnership in boosting China-EU cooperation in the G20 are analyzed. And a concluding part follows.

The G20 Members' Incentive to Shape the Agenda

In some respects, the nature of global (economic) governance today still bears the marks of the balance of global authority in 1944. Both the distribution of power in the Bretton Woods institutions, and the norms and principles that underpinned them carry the imprint of the preferences of the dominant Western powers that established them. And most clearly, they carry the imprint of Harry Dexter White's dominance of the Bretton Woods Conference and the cementing of the United States as the predominant power in the noncommunist capitalist world. Of course, the original Bretton Woods system has long since been replaced by other forms of global economic governance. But the dominance of (neo)liberal principles remains. So too does a voting power structure at the IMF and the World Bank that protects the interests of Western liberal states in general, and the United States in particular.

Rapid economic growth in China and other developing economies has led to the questioning of the validity and legitimacy of these existing structures. To be sure, China and other countries have been more than happy to join these organizations, and typically on the organizations' terms rather than China's. China and others have been largely brought into the existing order, and through the expansion of international trade and investment, and been major beneficiaries of the globalization of the neoliberal capitalist global order. Nevertheless, joining the existing global order does not equate to a passive and uncritical acceptance of it. Even before the global financial crisis, it was not hard to find annunciations of Chinese dissatisfaction with the current system and a desire to reform it—though it is worth noting the emphasis on reform rather than a push for revolutionary and potentially destabilizing radical change. But as noted in the introduction, the financial crisis brought the inequities of the status quo into sharper focus. And it is not just within China that there is a strong feeling that “the multilateral order cannot hold if the power and influence embedded in international institutions is significantly misaligned with the real distribution of power.”⁵

The development of the G20 is an important, though partial, part of this process of transformation. Its still limited membership makes it far from ideal as a truly (democratic) global organization, but it at least provides a

voice for developing countries that they did not (and still do not) have in the G7.⁶ Moreover, it is not seen as a replacement for existing institutions of global governance, but a way of seeking to change them, and functions in a very different way from the IMF, the World Bank, and the WTO. Unlike these legacies of the Bretton Woods Conference, the G20 was not established on the basis of a foundational legal document, and international agreements reached in the G20 forum are not legally binding. All forms of the G20 documents, including communiqués, declarations, statements, and action plans, only play a guiding role, without legally binding effects on the members. The commitments the G20 members make in the G20 summits are political commitments by pledge, rather than legal commitments by contract. Therefore, the G20 is an informal international institution that is in some ways more a means to real global governance reform than a reflection of such reform in its own right.

As an informal international institution, the G20 is not designed to facilitate legally binding international agreements, and it adopts the procedure of decision by consensus. In such an informal environment, the G20 members can exchange views openly and frankly, and overcome the power asymmetries and built-in biases of other global governance institutions. Since there is no permanent secretariat, the issues for discussion in the G20 summits are normally proposed by the rotating presidency, which gives it a larger role in setting the agenda. However, the presidency's priority in proposing issues for discussion does not mean that the G20 agenda is exclusively set by the presidency. The informality of the G20 provides all the members with the opportunity to place their preferred issues on the agenda. In the informal institutional environment, all the G20 members can propose issues for discussion based on their own preferences. If a member's proposed issue for discussion is supported by some of the other members, it will be included on the agenda. The informality of the G20 allows all the members to shape the agenda based on their own preferences.

How can the G20 play a leadership role in global economic governance? It does so primarily by converging the members' different preferences into a single political consensus (as far as possible). Although international agreements reached in the G20 summits are not legally binding, they matter precisely because they reflect the political consensus of the members. The process might be thought of as establishing the general principles for governance reform with some form of moral authority, with the task of implementing the specific reforms themselves that are delegated to the other relevant international institutions. These include, but are not limited to, the IMF, WTO, UN, the International Labor Organization (ILO), the Financial Stability Board (FSB), and the Organization for Economic Cooperation and Development (OECD).⁷

Indeed, arguably the most important achievements of G20 negotiations are actually manifested in the implementation and execution of reform in other international organizations. Perhaps the best example is the above-mentioned reform of IMF quota shares, which were negotiated and agreed upon at a G20 finance ministers meeting, rather than in the IMF itself. More generally, the IMF takes charge of conducting a mutual assessment of the G20 members' macroeconomic policies and implementing IMF reform; the FSB takes measures to enforce important measures for financial regulation agreed upon in the G20 summits; the WTO and the OECD engage in the study of trade issues, including fluctuations in commodity prices and the global value chain system, and are in charge of overseeing how the G20 members resist trade protectionism; and the ILO provides analysis and policy suggestions regarding the situation of global employment as well as technical support for the agenda of growth and employment in the G20 summits.⁸ If the political consensus achieved in the G20 summits were implemented, global economic governance would be reformed in the direction set by the G20. If a particular member shaped the G20 agenda according to its own preferences, the reform of global economic governance would be conducted in accordance with its aims. Otherwise, it would lose an opportunity to influence the reform of global economic governance. Therefore, in order to direct the reform of global economic governance and maximize their interests, the G20 members have the incentive to shape the agenda based on their own preferences. Of course, both China and the G20 members of the EU have this incentive.

China has traditionally been hostile toward this type of informal agenda-setting multilateral institution, perceiving the G7/G8 as an exclusive club of Western/liberal developed powers. It typically ignored and/or dismissed any communiqués announcing policy agendas, and instead emphasized the authority and legitimacy of the UN system (where, of course, China itself is a beneficiary of an unequal power structure). However, the G20 meeting of finance ministers and central bank governors was regarded positively as, in the words of one of the leading Chinese economists, a "timely gift for Chinese government which wishes to have closer cooperation with the G7/8 but does not want to be part of it for the time being."⁹ Since then, the upgrading of the G20 to the leaders' level and its self-appointment at the Pittsburgh summit as "the premier forum for international economic cooperation" has also been positively welcomed by China. One of the reasons for the sea change in China's attitude is that the G20 gained more legitimacy than the G7/G8 by expanding its membership to some "systematically important" economies, including China itself. In addition to this, the shift also resulted from the leadership role of the G20 in global economic governance and the superb opportunity to influence the reform of global economic governance.

In the report of the Eighteenth National Congress of the Chinese Communist Party, the G20 was interpreted as an increasingly important mechanism in global governance, and was clearly indicated as one of the four strategically important international organizations China must support proactively. "We will actively participate in multilateral affairs, support the United Nations, the G20, Shanghai Cooperation Organization, and BRICS cooperation mechanism to play an active role in promoting the development of international order and the international system toward a just and reasonable direction."¹⁰ This suggests that China has paid much attention to the G20 in its foreign policy practice.

Although individual European nation-states have been key pillars of the existing global order, and the EU also plays an important role in some institutions (most notably the WTO), there was also enthusiasm in the EU for the new G20 as a means of shaping global economic governance to meet European preferences. In the words of the president of the Commission, José Manuel Barroso, "the G20 gives us the chance to shape globalization. The chance to develop a sustainable model to replace the one brought to its knees by the failure of financial markets."¹¹ In the formal Declaration for the Preparation of the G20 Summit in 2009, he further stated, "We want the others to move along with us, we need global rules for the global economy."¹² A European observer stated the reason more clearly: "Due to its composition (all countries of significant importance are represented) the G20 constitutes at this time the best available forum to effectively discuss global challenges and ways to solve them."¹³

The EU's desire to shape the G20 agenda and play a central role in the reform of global economic governance was repeatedly stated in the European Council: "The European Union will take a leading role at the global level in promoting a swift return to sustainable economic growth; strengthening our capability to manage crises; bringing forward the reform of financial markets; and supporting developing countries in order to avoid putting at risk the progress achieved in recent years, thus undermining their economic and political stability."¹⁴

Indeed, it is not so much a matter of Europe responding to the opportunities created by the G20 as the G20 reflecting the preferences of (some) European leaders, who played a key role in upgrading the G20 to its current status. The French EU presidency, backed by German chancellor Angela Merkel and the then-British prime minister Gordon Brown strongly urged the United States to convene the original summit. "Europe wants this summit before the end of this year. Europe wants it, Europe calls for it, Europe will get it," as French president Nicolas Sarkozy put it.

For the EU, the particular importance of the G20 also lies in its formal membership in this institution. This means that the Union itself has the right

to engage actively in discussions on all the issues and the capacity to shape the agenda in the G20 process, rather than taking an inferior position relative to individual (powerful) member states. As Thomas Ronard pointed out in comparing the EU's role in the G8 and in the G20, the displacement of the G8 by the G20 was also positive for the EU: Brussels is officially the twentieth member of the G20, while it was only the ninth member of the G8. To many, this might only be a symbolic nuance, as in both cases the EU has the same "rights" and "obligations" as the other members minus the right to chair and host summits, and therefore no capacity to fully shape the agenda.¹⁵

The EU's and China's Agenda Setting in the G20

The EU's Agenda Setting in the G20

The G20, then, in some ways marks the coming of age of the EU as a global actor in its own right—as a formal member of an important international forum responsible for global economic governance. But this also creates strategic problems for Europe and European actors. At the G20 summits, the EU is represented by the president of the Council and the president of the Commission. There are also four other formal European members in the form of France, Germany, Italy, and the United Kingdom. This double representation at the member state and the EU level raises issues of internal coordination in the EU, and the lack of a single European voice leads to doubts about who reflects European interests.

According to Dermot Hodson, the lack of a single external representation of the EU at the G20 level did not have a major impact on the EU's capacity to influence the G20 agenda. In many instances, the EU member states succeeded in agreeing on an "agreed language" containing common positions that the EU and its G20 members could hold in the G20 process.¹⁶

In a similar vein, Jan Wouters, Kerckhoven, and Odermatt argue that, although the coordination procedure in advance of G20 meetings is not formally laid down in the EU treaties, discussion takes place in advance of the G20 meetings at the Council and the European Council level.¹⁷ The discussions by the Council and European Council can produce common positions expressed in "agreed language" by the EU and its member states. However, the G20 members of the EU do not have common positions on all issues in the G20 process. At times there has been a convergence of positions on some issues, but at other times divergence has been the order of the day. The reasons for the divergence and its implications for China-EU cooperation in terms of shaping the agenda are discussed in the next part.

At the G20 summits, European participants have tended to focus their energies on issues of the regulation of the international financial market,

reform of international financial institutions, and global economic rebalancing. With regard to financial issues, the EU's proposals have focused on strengthening supervision and regulation of the financial sector, reforming the international financial system, and promoting the sustainable development of the financial industry. More specifically, the proposals include (1) enhancing transparency and accountability in financial markets; (2) subjecting all financial markets, products, and participants with systematic risks to appropriate regulation and supervision; (3) regulating rating agencies in an internationally uniform way; and (4) combating tax evasion and financial crime, and implementing common principles of corporate governance and remuneration practices. In terms of reforming financial institutions, the EU proposed to improve the IMF's regulatory tools and strengthen its key role in crisis prevention, as well as promote the extensive reform of the IMF governance structure.¹⁸

With regard to the issue of global economic rebalancing, the EU's proposals include the following: (1) all the states involved in economic imbalances should assume responsibility for a rebalancing process; (2) an indicator system for the current account balance should be set up, especially for the level of debt and deficit; (3) marketization of exchange rates should play a key role in addressing economic imbalances; (4) the IMF's role in terms of analyzing the G20 economies within its competence should be strengthened, especially in terms of analyzing spillover risks of the G20 members' policies.

At the first four G20 summits, the EU gave priority to the issues of international financial market regulation and the reform of international financial institutions. Ahead of the first G20 summit in Washington DC, the European Council made a strong plea in favor of reform of the international financial system based on common principles and regulation of the financial industry. The EU defined five specific priorities: the registration and surveillance of rating agencies; regulation and oversight of all segments, territories, and financial institutions; codes of conduct for remuneration in order to avoid excessive risk taking; a review and convergence of global accounting standards; and finally an increase in IMF resources and its surveillance role.¹⁹ In the following G20 summits in London, Pittsburgh, and Toronto, the main objective of the EU lay also in better regulating financial markets and reforming the international financial system.

The urgency of responding to the crisis—both economically in terms of new forms of surveillance and governance, and politically in terms of being seen as responding to voters' concerns—can be considered as a key driver of these initial European agendas. As these disciplinary effects of the global financial crisis began to weaken, the priority for the EU moved to the more structural and longer-term goals of rebalancing the global economy. At the

G20 summit in Seoul in 2010, the EU stressed that particular attention should be devoted to rebalancing world economic growth, while calling for the implementation of the decision of the G20 on the reform of the IMF.²⁰ Since then, the EU has paid more attention to shaping the G20 agenda on the issue of macroeconomic imbalance.

China's Agenda Setting in the G20

In the G20 process, China endeavored to shape the agenda by stating its ideas for the reform of global economic governance proactively. At the first G20 summit in 2008, China pointed out clearly that the reform of the international financial system should aim at establishing a fair, just, inclusive, and orderly new international financial order; should strive to create an institutional environment conducive to sound global economic development; and should adhere to comprehensive, balanced, progressive, and effective principles.²¹ China reiterated these basic positions and goals at the G20 London summit in 2009.²² In keeping with this reformist agenda, China put forward a series of proposals in consecutive G20 summits. Its reform proposals concentrated on the reform of international financial regulation, of international financial institutions, and of the international monetary system. As the changes in international financial regulation and international financial institutions were also focal points of the EU's agenda setting, the following discussion on China's reform proposals focuses on these two issues.

At the first G20 summit, to strengthen international financial regulatory cooperation and improve the international regulatory system, China put forth four reform proposals: establishing a code of conduct for credit rating agencies, increasing the level of monitoring global capital flows, strengthening the supervision of various financial institutions and intermediary organizations, and enhancing the transparency of financial markets and their products.²³ At the G20 summits that followed, China made more specific reform proposals on the issues of establishing an early warning mechanism, monitoring the shadow banking system, and strengthening the regulation of credit rating agencies, and put forth a principle of simplicity, practicability, accountability, and the balancing of financial regulation with financial innovation.

With regard to how to implement the principle of simplicity, practicability, and accountability in the reform of international financial regulation, China proposed to (1) establish an international financial system conducive to the development of the real economy; (2) establish and enforce strict capital and leverage ratio requirements, incorporate the shadow banking system into the regulatory system, and reformulate unified global accounting standards; (3) strive to strengthen the supervision of systemically important financial institutions, and take the necessary precautionary measures to prevent the risk

of excessive speculation; (4) emphasize the standards of international regulation in consistency with its core principle, while taking the differences among financial markets in different states into full consideration, and improve the relevance and effectiveness of financial supervision; (5) strengthen the supervision of credit rating agencies, reduce reliance on credit rating agencies, improve a code of conduct and system of accountability for credit rating agencies, and in particular develop objective, fair, reasonable, and unified sovereign credit rating methods and standards so that the rating results accurately reflect a country's economic situation and credit level.²⁴

In terms of how to balance financial regulation and financial innovation, China proposed to (1) endeavor to solve the systemic and fundamental problems in the international financial system, and make the financial system rest on, serve, and promote the development of the real economy, and (2) adhere to high standards and strict requirements, and assess the implementation of the new regulatory standards of each member consistently.²⁵

China's proposals concerning the reform of international financial institutions were designed to increase the representation and voices of developing countries in international financial institutions. At G20 summits, China proposed to (1) reform the generating mechanism of the executive board in international financial institutions so as to increase the representation and voices of developing countries in international financial institutions;²⁶ (2) reform the governance structure of the IMF and World Bank, to increase the representation and voice of developing countries;²⁷ (3) strive to increase the representation and voices of developing countries, continue to promote the reform to achieve substantive progress, reform the existing decision-making procedures and mechanisms of international financial institutions, and promote more extensive and effective participation of all parties;²⁸ (4) continue to promote the reform of international financial institutions, accelerate the completion of the IMF quota adjustment, and push for more persons from emerging countries and developing countries to be appointed as executives in international financial institutions in order to increase the representation and voice of developing countries;²⁹ and (5) continue to be committed to choosing high-level executives in international financial institutions based on fair principles, increasing the proportion of middle-level and high-level executives from developing countries, and resolving the problem of executive deficit for developing countries within the institutional framework of international financial institutions.³⁰

In addition to increasing the representation and voices of developing countries in international financial institutions, China has put forward some proposals on the issues of establishing a timely and efficient crisis response and rescue mechanism, reinforcing the IMF's aid to developing countries, increasing the total capital of the IMF, strengthening the IMF's

supervision on the macroeconomic policies of all the parties especially the major reserve currency issuing economies, strengthening the IMF's role in monitoring and warning capital flows early, and so on.

State of China-EU Cooperation in the G20

From the above discussion, it can be seen that both China and the EU preferred the issues of regulating the international financial market and reforming international financial institutions. Although the proposals of the two sides followed the principle of regulation and supervision, the major difference is that China's proposals were more specific, while there was lack of concrete measures in the EU's proposals. This is puzzling, because the EU is more experienced in financial market regulation and more familiar with the operation of international financial institutions than China. It also suggests that there was actually a lack of coordination between the two sides in terms of jointly shaping the G20 agenda on financial issues.

However, as China and the EU shared common positions on financial issues, the two sides determined the G20 agenda in a tacitly cooperative way, and partly for this reason, were able to establish the G20 agenda on financial issues in a relatively satisfactory way. The EU successfully placed the issue of overseeing and regulating hedge funds and credit rating agencies on the G20 agenda, and the trebling of IMF resources to 750 billion dollars at the London G20 Summit in 2009 was fully in line with European preferences.³¹ China successfully put the issue of increasing emerging countries' representation and voices in major international financial institutions on the G20 agenda.

Another fact worth noting is that the limited level of cooperation between China and the EU was decreasing after the prioritized issue for the EU moved from what we might call short-term emergency responses to longer-term structural global rebalancing. This change can be observed in some of the words that refer to the G20 in Joint Statements of China-EU Summits. For instance, at the Nanjing Summit in 2009, the leaders stated that

[t]he two sides commended the important role of the previous three G20 Summits in tackling the global financial crisis, and supported G20 to serve as the premier forum for international economic cooperation focusing on world economic, financial, and development issues. Both sides agreed, in a spirit of equal partnership, to keep close contact and cooperation on the future development of G20 Summit, and expressed a commitment to work together with other countries and regions in the world to build a fair, just, inclusive, stable and resilient international financial system, and to support the sustainable growth of the economy in their regions and the world at large, not least by fighting all forms of protectionism, keeping open and free trade and strengthening support for developing countries.³²

In this statement, the leaders expressed their willingness to maintain close contact with each other, engage in cooperation, and work together to improve global economic governance in the G20. Three years later, however, the leaders of the two sides attached less importance to close contact and cooperation in the G20 in their Joint Statement. They stated that

[b]oth sides believed that the G20 members needed to better coordinate their macroeconomic policies to ensure strong, sustainable and balanced growth. Both sides agreed to intensify communication and coordination and make joint efforts to implement the agreements of the G20 Los Cabos Summit.³³

In a relatively short period of time, a position of broad consensus and a coincidence of preferences (if not outright cooperation and common positions) had been replaced by a declining willingness to work toward the same goals.

What Hindered China-EU Cooperation in Shaping an Agenda?

Because both China and the EU were committed to building a model of global economic governance, especially on financial issues, characterized by regulation and supervision, it seemed likely that the two sides would shape the G20 agenda in a concerted way. Moreover, in view of the development of the China-EU strategic partnership and its associated bilateral dialogue mechanisms, the two sides could coordinate their positions in advance of the G20 summits, which would boost their cooperation in shaping the G20 agenda. However, there was a lack of coordination between the two sides in terms of setting the agenda jointly in the G20. What hindered China-EU cooperation in defining the G20 agenda? Why were the China-EU strategic partnership and its associated bilateral dialogue mechanisms ineffective in boosting China-EU cooperation in the G20? The two sides' failure to cooperate and the ineffectiveness of the China-EU strategic partnership can be explained by the following factors.

The Lack of Internal Cohesion between the EU Member States

The Council and the European Council have devoted a considerable amount of time and effort in attempting to coordinate different positions in order to generate a single, coherent, and cohesive European voice at the G20. However, the coordination work did not always succeed—indeed, while it might sound tautological, coordination was only effective when it was a case of coordinating similar preferences. When member states largely agree on what they want, then it becomes relatively easy to articulate this through a single European voice. But if the different European members of the G20

have diverging preferences on a particular issue, then despite the best efforts of the Council and the European Council, it is not possible to achieve a high level of internal cohesion on the issue. Quaglia pointed out that in the Basel Committee on Banking Supervision (BCBS), “there was no single European voice within the Basel Committee during the crucial negotiation phase.”³⁴ In fact, this is also true in the G20 in cases in which the EU members have diverging preferences. In short, it remains all but impossible to get member states to change their positions. The best possible outcome is simply to coordinate already shared and agreed-upon principles and preferences.

As the EU members of the G20 have diverging preferences on some issues and the coordination work actually cannot change the members’ positions, in order to obtain wide agreement, any “agreed language” on these issues has to be very vague and noncommittal. In extreme cases, even such general language is not enough to gain agreement. For instance, the issue of banking capital and liquidity requirements and leverage ratios was absent from the first “agreed language” statement of the European Council dating from November 8, 2008. The reason for the absence of this issue is that even vague language was not acceptable to all member states.

EU members widely consider the undercapitalization of banks and their imprudent liquidity management to be the central causes of the financial market turmoil. Hence, the EU members of the G20 have a common interest on the issue of financial market regulation. However, they have diverging preferences regarding concrete regulatory measures such as capital requirements, liquidity buffers, and so on, although their interests converge on the principle of regulation and supervision. According to Howarth and Quaglia, the structural differences of the EU members’ banking systems and the diverging capacity of banks to swiftly satisfy stricter own capital requirements explain the diverging member state approaches to stricter capital requirements and the incomplete nature of European economic governance in the area of financial regulation.³⁵ Due to structural differences in the EU members’ banking systems, coordination at the Council and the European Council level can hardly produce “agreed language” containing concrete measures.

As such, it is unlikely that China will propose concrete measures on the issue of financial market regulation jointly with the EU.

China’s and the EU’s Different Pressing Concerns

Although both China and the EU proposed to reform international financial institutions, China’s pressing concern regarding this issue is obviously different from that of the EU. For China, the urgent issue is increasing the representation and voices of emerging countries and developing countries in international financial institutions. For the EU members, especially for

some small EU members that have excessively high representation in international financial institutions, this is not good news, because this kind of reform requires that a certain percentage of quotas and voting rights should be transferred to emerging countries and developing countries. There is no doubt that this is not in the interest of those EU members.

For the EU, the pressing concern regarding the reform of international financial institutions is to strengthen its role in crisis prevention and management. The Union's proposals for the reform of the IMF governance structure and IMF bank recapitalization are based on this objective. Since this kind of reform cannot contribute to increasing China's influence in international financial institutions, China does not view it as a priority.

Given that China and the EU have different pressing concerns regarding the reform of international financial institutions, it is difficult for the two sides to collaborate in shaping the G20 agenda on this issue.

The Negative Impact of the European Debt Crisis

Prior to the European debt crisis, the European economic and social model was widely perceived as an effective means of economic and social governance. For this reason, the EU was able to claim a form of moral authority through the apparent superiority of European economic and social model. The perceived effectiveness of the European model gave the EU credibility in promoting policy ideas on various regulatory issues, including international ones. In addition to the idea of Europe as a "civilian" power (rather than a traditional great power backed by military might, this had become a major source of the EU's normative, or soft power.

In the initial stage of the European debt crisis, the EU still displayed its confidence in the European model. Even after the crash of the Irish economy and a bank run in the United Kingdom, the EU seemed to be able to claim the superiority of European welfare state capitalism. This perception, however, changed profoundly with the aggravation of the eurozone debt crisis in 2010, which undermined the EU's credibility in promoting policy ideas on international regulatory issues.³⁶

The aggravation of the European debt crisis gave external observers the impression that the European economic governance model and its regulatory regime for financial markets could not prevent the sovereign debt crisis from unfolding. As such, the credibility of the EU in promoting economic and financial governance ideas was inevitably undermined. In the process, the idea of the EU as a partner for China in the search for financial market regulation lost its appeal. With European credibility now undermined, so too was the likelihood of China-EU cooperation in shaping the G20 agenda.

Moreover, with the growing severity of the eurozone debt crisis, the EU lost authority at the G20 summits, and its power to influence and define the agenda was reduced. For example, at the Cannes Summit in 2011 and the Los Cabos Summit in 2012, the EU faced pressure from all sides to get its own house in order before thinking about promoting reform at the global level. Many G20 members called for refining and implementing comprehensive reform in the eurozone as soon as possible. Eventually, the EU had to agree to placing the issue of economic and financial reform in the eurozone on the G20 agenda. To gain more opportunities to shape this agenda, China called for fair and even agenda setting to prevent the European problem from “hijacking” and dominating the Los Cabos Summit. As dealing with the European debt crisis was the EU’s top priority, China’s reluctance to accept this unbalanced agenda setting caused by the increasingly severe European debt crisis meant that there was little room for the two sides to cooperate on determining the G20 agenda.

The Limits of China-EU Strategic Partnership

Since the EU and China established diplomatic relations in 1975, the two sides have gradually recognized each other’s importance in maintaining international peace and stability, in promoting regional cooperation, and in realizing their own goals of development via bilateral and multilateral cooperation. Enhanced cooperation encouraged them to upgrade bilateral relations. The European Commission used the word “partnership” in a 1998 China policy paper for the first time. Five years later, the two parties started to establish a “strategic partnership.”

A strategic partnership can be understood as a comprehensive, coherent, and coordinated framework for political cooperation. In practice, the efforts of the two sides to develop a strategic partnership are manifested in a rich web of bilateral dialogues covering political, economic, and social issues. The most important dialogue mechanisms are the China-EU summits starting in 1998 and China-EU High-Level Dialogue, which includes three pillars: High-Level Strategic Dialogue (2010), High-Level Economic and Trade Dialogue (2007), and High-Level People-to-People Dialogue (2012).

Since China is undergoing substantial reform in financial market regulation and macroeconomic governance, and the EU has accumulated a wide range of relevant experience, these two economic issues have become important elements of bilateral dialogues. While not being totally apolitical, they can be discussed in technical terms, and thus are much less likely to lead to divergence and even hostility than when the focus is on overtly political issues such as human rights and the promotion of democracy. As a result, disputes related to global economic governance have become “core issues”

in China-EU relations. With the onset of the global financial crisis, China and the EU intensified their dialogues on these issues of financial regulation and macroeconomic governance in various bilateral dialogue mechanisms, especially in the relevant sectoral dialogue mechanisms. Through institutionalized dialogues, a good working relationship between European experts and Chinese elites in these issue areas has been established.³⁷

In the dialogues on the two issues, the EU has usually played a teacher's role by introducing European norms and standards to China. However, there remain diverging practices and preferences regarding financial market regulation and macroeconomic governance between different EU member states. The resulting lack of a European consensus on best practices means that it is simply not possible to influence Chinese elites' economic governance ideas by persuasion. In addition, the above-mentioned decreased credibility of European economic governance model caused by the growing severity of the European debt crisis made it less likely that European experts would succeed in spreading their policy ideas to Chinese elites through persuasion.

As such, the dialogues could not lead Chinese elites to share policy ideas on the issues of financial market regulation and macroeconomic governance with European experts. Consequently, a China-EU strategic partnership and its associated bilateral dialogue mechanisms were not effective in boosting China-EU cooperation in terms of jointly shaping the G20 agenda.

Conclusion

Crises of various types create significant opportunities for change. In the short term, the urgent need to respond means that differences are often put to one side in the search for workable solutions. In the longer term, the need to change the status quo in order to try and prevent the crisis from recurring in the future becomes a major tool for attacking conservatism and built-in resistance to change from those who are beneficiaries of the status quo. The desire to overcome the failure of previous regimes to prevent crises and the "never again" principle have been a key and recurring theme in global politics since at least the Treaty of Westphalia and the creation of the "modern" statist system. Normally written by the victors, and reflecting their preferences, crises have been a—indeed, *the*—major driver of institutional innovation and the creation of new forms of governance for centuries.

The global financial crisis might not be on the same level of crisis as the major wars that have helped generate the evolution of different forms of global governance. Nevertheless, it created not just the potential for change but also even the expectation that something new needed to be done and could be done. A potential convergence of interests when it came to preferences for global governance reform between China and Europe formed a part

of this hope and expectation for change. And with the evolution of the G20 into a new form of governance that brought China and other developing states closer to the center of decision-making, the institutional possibility for this convergence of interests was also in place. If not able to fundamentally collectively change the balance of global power, China and the EU at least had the potential to shape the G20 agenda jointly on the issues of financial market regulation and the reform of international financial institutions.

However, substantial cooperation between China and the EU in terms of shaping the G20 agenda has not taken place. The lack of internal cohesion between EU members, and China's and the EU's different pressing concerns, as well as the damaging effects of the European debt crisis on the credibility of the EU account for their failure to cooperate in shaping the G20 agenda. Because the European experts can hardly spread policy ideas to Chinese elites by persuasion, the China-EU strategic partnership was not effective in boosting China-EU cooperation in the G20.

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CHAPTER SIX

THE EU AND CHINA IN THE WTO: WHAT CONTRIBUTION TO THE INTERNATIONAL RULE OF LAW? REFLECTIONS IN LIGHT OF THE RAW MATERIALS AND RARE EARTHS DISPUTES

*Matthieu Burnay and Jan Wouters**

Introduction

The concept of the rule of law was originally developed in the context of domestic legal systems characterized by a high degree of centralization, institutionalization, and hierarchization.¹ During the last two decades, though, significant efforts have been undertaken to apply this concept to the international legal order. The growing consensus on the importance of the rule of law is best demonstrated in the field of international trade, which currently functions as one of the most regulated and institutionalized domains of global governance. It is now widely recognized that the rule of law strengthens international trade and that international trade can reinforce the rule of law accordingly.² On the one hand, domestic legal systems and international law can provide a stable legal environment that regulates imports and exports, constrains protectionism, and favors foreign investment. On the other hand, the use of international arbitration or dispute settlement at the national and international levels strengthens the rule of law. Even the general recognition in international trade regulations that “the best form of dispute settlement is dispute avoidance”³ reinforces the rule of law as it pushes states to adopt transparent and publicly accessible trade regulations.

The aim of this chapter is to inquire into the European Union (EU)-China strategic partnership’s contribution to the rule of law at the international level, in the particular context of the World Trade Organization

(WTO). More specifically, we analyze the EU's relationship with China in the context of the WTO's dispute settlement mechanism (DSM), hypothesizing that the use the two strategic partners make of the DSM contributes to the enhancement of the international rule of law.

For that purpose, we first explain the importance of the rule of law in the context of the WTO. Subsequently, we consider the EU-China relationship in the WTO and more specifically the way in which both players make use of the WTO's DSM in their bilateral trade relations. Finally, we analyze two recent cases that were brought before the WTO's DSM by the EU, namely the *raw materials* and the *rare earths* disputes, in order to assess the actual contribution of EU-China dispute settlement to the enhancement of the rule of law at the international level. The main argument defended by this chapter is that the practical use the EU and China make of the DSM reinforces the international rule of law in international trade. Such use nevertheless also demonstrates that the heritage of China's accession protocol and its overall implementation in the DSM challenge some important aspects of the international rule of law, in particular the clarity and equality before WTO law.

The International Rule of Law and the WTO

Despite increasing difficulties in adapting to the needs of its members—as best exemplified by the current stalemate in the Doha Development Agenda (DDA)—the WTO still functions as the premier institution that regulates international trade in goods and services. The ultimate objective of the organization is raising standards of living, ensuring full employment, and expanding trade in and production of goods and services.⁴

The WTO arguably best testifies to the importance of the rule of law in international trade governance. According to James Bacchus, “the WTO is offering persuasive evidence to the world for the very first time that there truly can be something deserving of being called international law, and, thus, that there truly can be the international rule of law.”⁵ The WTO indeed offers a multilateral governance system that goes far beyond “power politics in disguise”⁶ and provides for both a “legalization” and “judicialization” of international trade relations.⁷

First, it benefits from strong legal foundations that are grounded in various multilateral agreements, notably the core agreements that cover trade in goods (General Agreement on Tariffs and Trade 1994, GATT 1994)⁸ and services (General Agreement on Trade in Services, GATS),⁹ and the protection of intellectual property rights (Agreement on Trade Related Aspects of Intellectual Property Rights, TRIPS).¹⁰ To these agreements must be added all the rules that are included in the specific accession protocols of newly acceded members to the WTO.¹¹

Second, the WTO's Dispute Settlement Understanding (DSU), notably its Article 23, requires WTO members to seek redress of a violation of WTO obligations by using the rules and procedures of the Understanding.¹² The DSU constitutes therefore a unique instrument that provides for compulsory jurisdiction and empowers the Dispute Settlement Body (DSB) to judge the compliance of WTO members with the rules of the WTO. The decisions of the DSB, based on the reports of panels or the appellate body (AB), are binding for the member concerned and are, generally speaking, well implemented. The good compliance records are testimony of a "clear movement toward an international rule of law to act in anticipation of compliance with WTO obligations."¹³ In addition, panel and AB reports, as well as DSB decisions have now developed into a large body of jurisprudence both in terms of procedural and substantive rules.¹⁴

Third, the WTO's Trade Policy Review Mechanism (TPRM) creates a framework for a peer-review process that imposes international scrutiny on WTO members' practice in international trade. In that process, the fear of seeing one's reputation tarnished can constitute a major "deterrent mechanism" against States' temptations to violate international trade rules.¹⁵ The TPRM eventually leads to an enhancement of the transparency and understandability of the trade policies of WTO members.

The EU and China in the WTO: Different Histories, Similar Objectives

While the EU is one of the founding members of the WTO and has assumed the role of a genuine rule maker thanks to its active role in the various rounds of trade negotiations, China gained access to the WTO only in 2001 after more than 15 years of intense negotiations.¹⁶ At that time, "trade policy makers understood that the international organization could not pretend to govern world trade with such an important trading nation outside of the World Trade Organization."¹⁷ In fact, China's accession constitutes probably the "greatest WTO-era achievement."¹⁸ Importantly, the EU supported, to a very large extent, the Chinese accession to the WTO. The Union took the view that this accession constituted the best incentive for China to respect international trade rules and to increase the trade flows between the EU and China. This calculation proved to be accurate: trade flows between the EU and China increased by more than 300 percent in the ten years following the accession of China to the WTO.¹⁹

From China's perspective, the accession to the WTO became a necessity to pursue and enhance its policies of reform and opening up.²⁰ Obtaining most favored nation (MFN) status was one of the main incentives in seeking access to the WTO. According to this principle, "each contracting party

shall accord to the commerce of the other contracting parties treatment no less favorable than that provided for in the appropriate part of the appropriate schedule annexed to this agreement.”²¹ Nevertheless, China had to pay a very high price to obtain membership as the market access requirements for China’s accession and other commitments were notably “far more reaching than those made by any member that has joined the World Trade Organization since 1995.”²² In addition to an average tariff rate below 10 percent for imports,²³ China is also bound by several so-called “WTO-Plus” and “WTO-Minus” obligations under the accession protocol.²⁴ These include commitments on transparency, transitional product-specific safeguard clauses, the annual review of Chinese trade laws during the first ten years after accession, the elimination of export duties, and “special price comparison in determining anti-dumping.”²⁵

More than ten years after its accession, China has arguably made great progress in transforming its legal and economic systems to comply with its WTO commitments.²⁶ In addition, it has also become increasingly acquainted with the WTO’s functioning. China’s actions in the WTO now incorporate all the elements of the four strategies in the country’s multilateral diplomacy.²⁷ First, right after its accession, China took the stance of a patient *watcher* in the context of the DSM. It participated as a Third Party to most of the cases that were brought before the DSB. This low-profile strategy was mainly aimed at addressing its own lack of expertise in international trade law and was a way of becoming acquainted with WTO procedures. Second, China became more and more *engaged* in the DSM, acting first as a reluctant litigant in the position of a respondent, and later as a more active litigant in both the positions of respondent and complainant.²⁸ China has, until today, been involved in 45 cases since its accession: 12 times as a complainant and 33 times as a defendant. Interestingly, all the cases that have been brought by China were against its main trading partners, the EU and the United States. Third, and in addition to its growing involvement in the WTO, China is also engaged in the negotiations of a very diverse set of bi- or plurilateral trade agreements (RTAs) and therefore also *circumvents* the WTO architecture. China’s propensity for developing a large and comprehensive network of free trade agreements (FTAs) is “motivated by a desire to develop alternative negotiation forums to advance China’s economic interests.”²⁹ While this holds particularly true for all WTO members, the quest for securing bilateral and regional FTAs is particularly important for China given its “backward position” in the current multilateral trade negotiations.³⁰ It is arguable that China has so far not tried to *shape* the organization: “there is scant evidence that China has played the disruptive, blocking role that has been ascribed to it.”³¹ An interesting development in this respect is China’s objection to a recent Appellate

Body report. In *US-Tuna II*, the Appellate Body considered that a TBT Committee Decision constituted a “subsequent agreement” in the sense of Article 31(3)(a) of the Vienna Convention on the Law of Treaties.³² China has fiercely objected to this interpretation, which it considers to be inconsistent with the provisions of the DSU.³³ In the DDA negotiations so far, China has kept a low profile.³⁴ On the one hand, the position of China in the DDA is directly framed by the Chinese reluctance to abide with any additional commitment without reciprocity.³⁵ China already gave up a lot to obtain its membership and is not willing to go beyond these commitments. On the other hand, China is still not willing to undertake a leadership role in order not to damage its relationship with other developing countries within the WTO.³⁶

EU-China Trade Disputes and the WTO

Looking more specifically into the EU-China relationship, it is arguable that economic links and expectations for mutual economic benefits have always been “the main driver of cooperation”³⁷ between the EU and the People’s Republic of China (PRC). In the wake of its “opening and reforms policy,” China has become the second-largest trading partner of the EU over the last years. The EU is now the main trading partner of China. Through growing exchanges, both markets have become highly intertwined and are, in fact, interdependent.³⁸

In spite of the increasingly comprehensive partnership between the EU and China, growing interdependence has also brought many difficulties and disagreements between both blocks. In this process, differences in ideological background play a role, but do not offer a full explanation. It is the ever-growing trade deficit that questions, in fact, the existence of a well-balanced and mutually beneficial economic relationship.³⁹ While economic theories diverge on the question whether macroeconomic imbalances are a severe issue that should be solved, Europe and China each have their own explanations to justify the existence of a major trade deficit in their bilateral economic relationship. On the one hand, the EU regularly complains about market access issues in China, particularly in the field of services. The EU Chamber of Commerce in China, while recognizing the positive impact of the Shanghai Pilot Free Trade Zone, recently pointed to the necessity of lifting investment constraints as well as of addressing frequent indirect and hidden restrictions.⁴⁰ On the other hand, China is facing rising protectionism and a lack of trust in Europe. It remains, as of today, the primary target of European antidumping measures.⁴¹ This extensive use of antidumping measures is perceived as a tool used by the EU to close its market. In this context, China is still very much affected by and opposed to

its nonrecognition as a market economy—a strong symbolic and economic challenge to its trade policy. It challenges, indeed, the lack of recognition of the great changes generated by its policy of opening up and reforms,⁴² which makes it easier for the EU to apply antidumping measures against Chinese products. In practice, China's nonmarket economy status implies that the EU can determine the normal value of Chinese products for the purpose of an antidumping investigation on the basis of an analogous third country methodology according to the EU Anti-Dumping Regulation.⁴³

All these difficulties have arguably been reinforced in the context of the recent financial and economic turmoil in Europe and in the United States. While China's export-driven economy suffered from the decreasing demand in Europe and in the United States, the crises also enabled China to raise its profile internationally and to voice its demands for structural changes in international economic and financial governance.⁴⁴ "China's increasing leverage"⁴⁵ has more particularly enabled it to "divide and conquer" in Europe by orienting its investments in strategic European sectors thanks to a lack of political cohesion and coordination in Europe.⁴⁶ These changes in the balance of economic power have led Europe to fear that China could have actually started "buying up Europe,"⁴⁷ and China to blame Europe for its difficulties in "putting its own house in order." The decreasing mutual trust, along with China's growing self-confidence, has led to the revival and development of a number of contentious issues. Recent concerns about export restrictions on raw materials and rare earths as well as complaints about illegal measures affecting the renewable energy sector are among the latest examples of a state of play that has become ever more confrontational.

In that context, both actors have increasingly made use of the WTO's DSM to resolve their bilateral trade disputes. Nevertheless, there are other explanations for this development as well.⁴⁸ First, as indicated above, China has strongly increased its capacity to participate in WTO dispute settlement since its accession in 2001.⁴⁹ In addition to considerable investments in WTO law teaching and research within Chinese universities,⁵⁰ China has successfully established public-private partnerships in order to facilitate the sharing of information between the government and businesses.⁵¹ Second, even if there is a growing number of contentious issues that inevitably leads to an increase in the number of cases, it was already clear at the time of China's accession to the WTO that some of these issues would come up before the DSM as they were not adequately addressed or resolved during the negotiations of China's accession protocol.⁵²

The DSM is arguably used when bilateral discussions fail to bring a solution.⁵³ Although very demanding, filing a case with the WTO can prove to have two major advantages. First, the DSM operates on the basis of a

strongly developed legal framework with which both actors have to abide, and which has the authority to ensure that decisions are effectively enforced. In this respect, both the EU and China highly value the DSM and have so far generally implemented DSB decisions satisfactorily in cases in which they stood against each other.⁵⁴ The only Article 21.5 DSU compliance panel in a dispute between the two countries was established upon the request of China. It aims at determining whether the measures taken by the EU in the dispute on steel fasteners⁵⁵ respected the recommendations and rulings of the DSB. Second, WTO dispute settlement also allows the complainants to act not only individually but also jointly with other members—a burden sharing that the EU has recently exercised together with the United States, Mexico, and Japan. This burden sharing also allows the EU to share the political and economic costs of a complaint with other WTO members.⁵⁶

Also interesting is the nature of the cases that have been brought before the WTO. The table below indicates that disputes not only concern sensitive issues that rank high in the bilateral relationship but also mirror changes in the nature and priorities of the European and Chinese economies. This is particularly true for the two case studies of this chapter. *China-Raw Materials* and *China-Rare Earths* not only have not major legal implications but also concern issues that are central in terms of energy security and the fight against climate change—two challenges identified by China⁵⁷ and the EU⁵⁸ as strategic priorities. These two concerns are closely intertwined⁵⁹ and relate both to the difficulties of combining sustainable development and the need to secure access to natural resources (table 6.1).

China-Raw Materials (DS395) and China-Rare Earths (DS432)

China-Raw Materials (DS395) concerns restrictions on exports imposed on certain raw materials by China. These include the exports of various forms of bauxite, coke, fluorspar, magnesium, manganese, silicon carbide, silicon metal, yellow phosphorus, and zinc. There is a very limited world supply for these materials, and China is the main producer worldwide.⁶⁰ For the EU, a large number of industrial activities ranging from the steel industry to nanotechnologies depend on the availability of these raw materials. The raw materials sector furthermore employs as many as 30 million workers and is of central importance in the development of green technologies.⁶¹ It was with this in mind that the EU brought *China-Raw Materials* before the WTO DSM, along with Mexico and the United States, who alleged that the export restrictions increased the price on international markets and favored Chinese industries that could get raw materials for a lower and more stable price. China defended its measures by arguing that its export restrictions were aimed at conserving exhaustible natural resources (Art. XX

Table 6.1 EU-China trade disputes at the WTO^a

<i>Dispute</i>	<i>Date</i>	<i>Complainant</i>
China—Measures Affecting Imports of Automobile Parts	March 30, 2006	European Communities
China—Measures Affecting Financial Information Services and Foreign Financial Information Suppliers	March 3, 2008	European Communities
China—Measures Related to the Exportation of Various Raw Materials	June 23, 2009	European Communities
European Communities—Definitive Anti-dumping Measures on Certain Iron or Steel Fasteners from China	July 31, 2009	China
European Union—Anti-dumping Measures on Certain Footwear from China	February 4, 2010	China
Provisional Anti-dumping Duties on Certain Iron and Steel Fasteners from the European Union	May 7, 2010	European Union
China—Definitive Anti-dumping Duties on X-Ray Security Inspection Equipment from the European Union	July 25, 2011	European Union
China—Measures Related to the Exportation of Rare Earths, Tungsten, and Molybdenum	March 13, 2012	European Union
European Union and Certain Member States—Certain Measures affecting the Renewable Energy Generation Sector	November 5, 2012	China
China—Measures Imposing Anti-dumping Duties on High-Performance Stainless Steel Seamless Tubes (“HP-SSST”) from the European Union	June 13, 2013	European Union

^a See http://www.wto.org/english/tratop_e/dispu_e/find_dispu_cases_e.htm?year=none&subject=none&agreement=none&member1=EEC&member2=CHN&complainant1=true&complainant2=true&respondent1=true&respondent2=true&thirdparty1=false&thirdparty2=false#results. At the time of writing, China had notified the WTO Secretariat of a request for consultations with the EU on measures relating to tariff concessions on certain poultry meat products.

(g) GATT 1994) as well as protecting human, animal, or plant life or health (Art. XX (b) GATT 1994).

The key findings of the Panel were twofold and concerned both duties and quotas applied by China on raw materials.⁶² First, export duties that include taxes and charges imposed on exports were found to violate Paragraph

11.3 of China's protocol of accession, which stipulates the conditions for applying export duties.⁶³ While export restrictions in the form of quotas are banned under the GATT 1994, export duties are authorized and constitute, generally speaking, an important lever for developing countries to protect their natural resources.⁶⁴ In the negotiations for its accession, China nevertheless agreed to stop imposing export duties on all but 84 products as part of its *WTO-Plus* obligations.⁶⁵ Most interestingly, the Panel ruled that China could not benefit from the general exceptions foreseen in Article XX (b) or (g) of the GATT 1994. These exceptions relate to the conservation of exhaustible natural resources (g) and the protection of human, animal, or plant life or health (b). The absence of any reference to Article XX GATT 1994 in Paragraph 11.3 of China's accession protocol made it impossible for China to justify the duties on that basis. Second, the Panel ruled that export quotas are forbidden by Article XI:1 of the GATT 1994 and that China did not successfully prove that these quotas were "temporarily applied" in order to "prevent or relieve a critical shortage." These two key findings were upheld by the Appellate Body.⁶⁶ This ruling has arguably a major impact on China's industrial policy, as it requires China to put an end to a practice that partly aimed at protecting rising domestic demand for raw materials while restricting the exports in order to protect the environment.⁶⁷

On March 13, 2012, the EU requested consultations with China regarding China's restrictions on the export of rare earth elements in a dispute that became DS432: *China-Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum*. Rare earths are chemical elements necessary for the development of green technologies, such as electric cars and solar panels. China is by far the largest supplier of rare earths (around 97%), although it only holds around 36 percent to 48 percent of world reserves.⁶⁸ In the words of former EU commissioner for trade Karel De Gucht, "China's restrictions on rare earths and other products violate international trade rules and must be removed. These measures hurt our producers and consumers in the EU and across the world, including manufacturers of pioneering hi-tech and 'green' business applications."⁶⁹ Even if the EU "encourages all countries to promote an environmentally friendly and sustainable production of raw materials," it considers that export restrictions do not achieve this objective.⁷⁰

As in *China-Raw Materials*, the EU raised the issue of compliance of China's export duties with Paragraph 11.3 of the accession protocol. The question of the applicability of Article XX of the GATT as a justification for a breach of the obligations under Paragraph 11.3 of the protocol was therefore relevant again. China put forward arguments of resource scarcity as well as environmental harm caused by the exploitation of rare earths in order to defend its industrial practice.⁷¹ A Panel was established on July 10, 2012, and the Panel Report was circulated on March 26, 2014.⁷² The

Report declared, as it did in *China-Raw Materials*, that “the majority of the Panel agreed with the complainants and found that the ‘General Exceptions’ contained in Article XX of the GATT 1994 are not available to justify a breach of the obligation to eliminate export duties contained in China’s Accession Protocol. Accordingly, the majority held that China could not invoke the exception in Article XX(b) to seek to justify its export duties.”⁷³ The findings were upheld by the Appellate Body.⁷⁴

The overall debate on the DSB rulings relates to the status of China’s accession protocol and *WTO-Plus* obligations in the WTO legal system. This systemic question has been pending for a very long time in the WTO, and the case law has hardly produced a unified and clear interpretation.⁷⁵ In a discussion directly linked to this legal uncertainty, the DSB questioned, in *China-Raw Materials* and *China-Rare Earth*, the availability of the general exceptions of Article XX of the GATT 1994 to justify breaches of obligations that fall beyond the scope of the GATT 1994 but are included in the accession protocol as part of China’s *WTO-Plus* obligations. Both the Panel and Appellate Body reports on *China-Raw Materials* and *China-Rare Earth* chose a very restrictive approach and ruled that “Article XX defences are per se available only for violations of GATT 1994 provisions, whereas the legal basis to resort to such defences for violations of non-GATT obligations is the text of incorporation by cross-reference.”⁷⁶ The absence of a direct reference to Article XX of the GATT in Paragraph 11.3 of the Accession Protocol denies China the right to justify its export duties on that basis.

Although there is no discussion regarding the DSB’s capacity to enforce the provisions of the accession protocol,⁷⁷ the conclusions reached in these two cases are certainly highly debated.⁷⁸ China furthermore reacted very emotionally against the decisions in the two disputes. While the EU considers WTO cases strictly in economic and legal terms, China still has a tendency to see them in a much more political way.⁷⁹ Having gained expertise in international trade law, China now critically considers its accession protocol and tries to avoid as much as possible discriminatory practices that do not directly fall under the GATT 1994. In addition, the restrictive interpretation of China’s accession protocol has raised many concerns and criticisms, especially from the side of other developing and emerging countries, which can point to these “very irrational and controversial” aspects of multilateral trade governance.⁸⁰ In this respect, Argentina, Brazil, and Russia endorsed an approach that sought to ascertain the common intention of the drafters. Russia even made a very strong and assertive statement that departed from the usual highly diplomatic language used by WTO members before the DSB. In this statement, Russia expressed its “serious concern” as the findings in *China-Rare Earths* clearly depart from the assurance that was given to Russia during the negotiations for its accession that

[i]n accordance with well-established customary practices of the WTO and the understanding shared by the Members (...) all Members have equal availability of defences under the WTO Agreement in the context of the whole integrity of all parts of the WTO Agreement, in particular Multilateral Trade Agreements and Protocols of accession, with or without specific reference to such defences in the Protocol of accession.⁸¹

Whether an alternative approach was possible was confirmed in the dissenting opinion expressed in the Panel Report in *China-Rare Earths*. It reads as follows: "unless China explicitly gave up its right to invoke Article XX of GATT 1994, which it did not, the general exception provisions of the GATT 1994 are available to China to justify a violation of Paragraph 11.3 of its Accession Protocol. I see nothing in China's Accession Protocol that clearly indicates such a waiver."⁸²

While China indeed did not explicitly give up its right to invoke Article XX of GATT 1994, the accession protocol does nevertheless not directly refer either to the availability of the general exceptions of the GATT for Paragraph 11.3 or for all the provisions included in the accession protocol. In contrast, other accession protocols such as those of Albania (2000) and Croatia (2000) make it clear that exceptions to the accession protocol can only be imposed in conformity with the WTO Agreement.⁸³ This distinction explains the diversity in the existing case law on the relationship between China's accession protocol and the WTO agreements. In *China-Publications and Audiovisual Products*, for example, the Appellate Body endorsed the Chinese argument that it could benefit from the exceptions foreseen in Article XX of the GATT because there was an explicit reference to the WTO Agreement in the next section of China's accession protocol.⁸⁴

Reflections from an International Rule of Law Perspective

The question now is what these two cases tell us about the international rule of law. On the one hand, it is arguable that these two disputes demonstrate that issues central to the EU-China relationship as well as to global governance are being brought to the WTO's DSM. This reliance on multilateralism and the jurisdiction of the DSM in the field of trade supports, to a great extent the development of, and respect for, the international rule of law. The supremacy of the law and the effective implementation of rules shape bilateral relationships and help resolve bilateral disputes. This is a strong and positive signal and certainly a significant contribution to the enhancement of the strategic partnership between China and the EU. It adds, in fact, legal certainty, transparency, and jurisdictional control in the international trade practices of China and the EU in the field of international trade.

On the other hand, the conclusions reached in the cases *China-Raw Materials* and *China-Rare Earths* may, in the long run, constitute a challenge to the international rule of law as developed and protected in the context of the WTO. The conclusions in *China-Raw Materials* and *China-Rare Earths* reinforce, in fact, a dual regime that does not place original members of the WTO and acceding countries on an equal footing. This dual regime is a direct consequence of the strong leverage original members of the WTO have to push acceding members to agree upon conditions that go far beyond the obligations foreseen under the GATT (i.e., *WTO-Plus* and *WTO-Minus* obligations). A notable example of this dual regime is that original members do not have an obligation to banish export duties, while new members are in some cases required, under their terms of accession, to stop applying export duties.⁸⁵ The Panel decisions in *China-Raw Materials* and *China-Rare Earths* arguably recognized the ability of sovereign states—which committed to abide by certain *WTO-Plus* or *WTO-Minus* obligations—to “sign away their rights to pursue public policies, such as environmental protection.”⁸⁶ This can be perceived, to a certain extent, as a “deplorable”⁸⁷ precedent that also reinforces the existing nonreciprocity between original members and those new members who have committed not to use export duties.

It is submitted that the dual regime engendered by the inclusion of a great number of *WTO-Plus* and *WTO-Minus* obligations within accession protocols challenges some fundamental aspects of the international rule of law.

First, the negotiation of accession protocols that go far beyond the general obligations included in the WTO Agreement challenge the principle of equality of all WTO members in the application of WTO law. The principle of equality is at the core of the WTO, as best emphasized by the Single Undertaking Rule that was introduced by the Uruguay Round. In accordance with the Single Undertaking, membership in the WTO is an “‘all-or-nothing’ proposition—members must sign on to all WTO treaty regimes, and as a general rule, no reservations or exceptions are permitted.”⁸⁸ The package to which new WTO members have to subscribe is therefore “applied simultaneously and inseparably,” which should provide for the equality of all WTO members in the realm of WTO law.⁸⁹ With this in mind, the conclusions reached in *China-Raw Materials* and *China-Rare Earths* challenge the Single Undertaking and the equality of all the WTO members before WTO laws in two ways. On the one hand, the reliance on nonreciprocal obligations foreseen by accession protocols “undermines the aspiration of the WTO to be a truly multilateral, rules-based organization.”⁹⁰ On the other hand, the availability of general exceptions detailed in Article XX of the GATT 1994 appears to be contested or at least not crystal clear for nonoriginal members who wish to justify breaches of obligations

included in the accession protocol. In these two cases, China's "less-than-equal status" as produced by a very stringent accession protocol is reinforced to a point that it may challenge some of the main principles underpinning the WTO system, namely reciprocity and equal treatment.⁹¹

Second, *WTO-Plus* and *WTO-Minus* obligations negotiated in the accession process are very often "informally, or even haphazardly" created and therefore strongly complicate the role of the DSB.⁹² They challenge, to a certain extent, the clarity of WTO law as they leave a great scope for interpretation. While the clarity of legal texts should not be achieved at all costs, it significantly provides for legal predictability, and in that sense helps assure justice.⁹³ While it is not questionable that WTO Panels have to rely on the texts of the accession protocols and Working Party Reports and not on the possible intentions of the drafters of these texts, the two disputes testimony that China's accession protocol can be questioned for its overall coherence and clarity of its provisions.

It is notable that the conclusions endorsed by the DSB followed, to large degree, the arguments developed by the EU in the two cases. In *China-Raw Materials*, the EU argued that the extended application of the exceptions included in Article XX of the GATT to obligations included in the accession protocol would constitute "an extremely slippery slope."⁹⁴ This point of view was repeated in the debate on *China-Rare Earths*, in which the EU put forward that the accession protocol "reflects rights and obligations that were 'tailor-made' for China" and should therefore not be submitted to the general exceptions of the GATT "unless specifically stated."⁹⁵ In these two cases, the EU was clearly driven by a strong political will to defend its trade interests, that is, in fine the main purpose of bringing a case before the WTO DSB. It therefore supported a restrictive understanding of China's accession protocol to make its case against breaches of some of China's WTO commitments.

While the EU approach is fully understandable from the perspective of the protection of the EU's trade interests, the critiques and controversies that followed these two disputes should lead the EU to question its overall perspective on *WTO-Plus* and *WTO-Minus* obligations. In line with Article 21 TEU, the EU puts indeed the promotion of the rule of law at the core of its external action.⁹⁶ The EU now advocates the benefits of strengthening the rule of law at both the national and international levels and has, in this respect, encouraged China to launch a new "legal affairs" dialogue as part of the political pillar of the EU-China strategic partnership. As an actor that strives for coherence across its external policies, the EU should reflect upon the relevance to push acceding members to agree on obligations that go far beyond those included in the WTO Agreement. Striving for more equality and clarity in international trade law would only reinforce the EU's strategic

objective of promoting the rule of law, more particularly vis-à-vis its strategic partners such as China.

Conclusion

In spite of their very different experiences in the WTO, China and the EU contribute to the enhancement of the international rule of law in trade multilateralism thanks to the use they make of the WTO's DSM. Nevertheless, the heritage of China's accession process still has a great influence, even in a context that has changed to a very large extent. In this respect, *China-Rare Earths* and *China-Raw Materials* shed light on the potential negative impacts that *WTO-Plus* and *WTO-Minus* obligations might have on some of the key fundamentals of the rule of law, namely the principle of equality and clarity of WTO law.

Since promoting the rule of law is an integral part of the EU's external action, the criticism of the Panel decisions should particularly inform the EU strategy when it participates in accession negotiations in the framework of the WTO. It indeed appears that the WTO's accession process challenges the enhancement of the rule of law in international trade governance and therefore questions the overall coherence of EU external action. It is only by achieving a greater coherence among its foreign policies that the EU can enhance the "effectiveness, legitimacy and credibility" of its external action.⁹⁷

The political impact of these cases should not be underestimated. These disputes are "merely the tip of the iceberg": the WTO dual regime and the increasing gap between historical and new WTO members has indeed led a number of developing and emerging countries to start reconsidering their trade relationship with the developed world.⁹⁸ Bearing in mind the strong reactions of Russia and other WTO members, it is very likely that the issue of sovereignty over national resources will come back in future rounds of negotiations at the WTO. In order not to erode the DSM, a major cornerstone in the development of the international rule of law, it appears primordial that the EU along with the other WTO members learn from the experience of the China accession protocol and its actual implementation and work together for the maintenance of the unicity of WTO law.

Notes

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1. Jan Wouters and Matthieu Burnay, "Introduction: The International Rule of Law: European and Asian Perspectives," in Jan Wouters and Matthieu Burnay

- (eds.), Special Issue on "The International Rule of Law: European and Asian Perspectives," *Belgian Review of International Law*, Vol. 16, October 2014, p. 299.
2. Jean-Yves De Cara, "International Trade and the Rule of Law," *Mercer Law Review*, Vol. 58, 2006–2007, p. 1360.
3. Jonathan T. Fried, "Two Paradigms for the Rule of International Trade Law," *Canada-United States Law Journal*, Vol. 20, 1994, p. 44.
4. Agreement establishing the World Trade Organization, done at Marrakesh on April 15, 1994, UNTS no. 31874, first recital of the Preamble, available at http://www.wto.org/english/docs_e/legal_e/04-wto.pdf.
5. James Bacchus, "Groping toward Grotius: The WTO and the International Rule of Law," *Harvard International Law Journal*, Vol. 44, 2003, p. 541.
6. Ernst-Ulrich Petersmann, "How to Promote the International Rule of Law: Contribution by the World Trade Organization Appellate Review System," *Journal of International Economic Law*, Vol. 1, 1998, p. 31.
7. Petersmann, "How to Promote the International Rule of Law," pp. 33–34. On the increase of the judicialization of international trade relations between the GATT and WTO eras, see Bernhard Zangl, Achim Helmedach, Aletta Mondré, Alexander Kocks, Gerald Neubauer, and Kerstin Blome, "Between Law and Politics: Explaining International Dispute Settlement Behavior," *European Journal of International Relations*, Vol. 18, 2012, p. 378.
8. General Agreement on Tariffs and Trade, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, April 15, 1994.
9. General Agreement on Trade in Services, Marrakesh Agreement Establishing the World Trade Organization, Annex 1B, April 15, 1994.
10. Agreement on Trade Related Aspects of Intellectual Property Rights, Marrakesh Agreement Establishing the World Trade, April 15, 1994.
11. The WTO distinguishes between two types of membership: (i) original membership (Art. XI:1 WTO Agreement) was available for GATT 1947 Contracting Parties and the EC and was only open at the time of establishment of the WTO; and (ii) accession through Art. XII WTO Agreement. Members that joined the WTO through this procedure are also referred to as non-original Members or "newly-acceded" Members.
12. Understanding on Rules and Procedures Governing the Settlement of Disputes, Marrakesh Agreement Establishing the World Trade Organization, Annex 2, April 15, 1994, Art. 23.
13. Jennifer Hillman, "An Emerging International Rule of Law? The WTO Dispute Settlement System's Role in its Evolution," *Ottawa Law Review*, Vol. 42, 2011, p. 279.
14. Valerie Hugues, "Accomplishments of the WTO Dispute Settlement Mechanism," in Yasuhei Taniguchi, Alan Yanovich, and Jan Bohanes (eds.), *The WTO in the Twenty-First Century: Dispute Settlement, Negotiations, and Regionalism in Asia* (New York: Cambridge University Press, 2007), p. 186.
15. Rachel Brewster, "Reputation in International Relations and International Law Theory," in Jeffrey L. Dunoff and Mark A. Pollack (eds.), *Interdisciplinary Perspectives on International Law and International Relations: The State of the Art* (New York: Cambridge University Press, 2013), p. 527.
16. Interestingly, China was one of the original signatories of GATT 1947, but the Chinese Nationalist government in Chinese Taipei announced in 1949 that

- China would leave GATT. However, the government of the PRC in Beijing never recognized this decision and so, in 1986, it notified GATT of its wish to resume its status as a GATT Contracting Party. The Contracting Parties considered that China would have to negotiate its re-accession. This in itself is remarkable from a rule of law perspective.
17. Susan Ariel Aaronson, "Is China Killing the WTO?," *The International Economy*, Winter 2010, p. 40.
 18. Bryan Mercurio and Mitali Tyagi, "China's Evolving Role in WTO Dispute Settlement: Acceptance, Consolidation and Activation," *European Yearbook of International Economic Law*, Vol. 3, 2012, p. 89.
 19. www.ec.europa.eu/eurostat.
 20. For a very good description of the accession process and incentives for China to become part of the WTO, see Yang Guohua and Cheng Jin, "The Process of China's Accession to the WTO," *Journal of International Economic Law*, Vol. 4, June 2001, pp. 297–328.
 21. The quoted excerpt is derived from Article II:1(a) GATT 1994 on Schedules of Concessions. The General Most-Favoured-Nation Treatment obligation is to be found in Article I:1 GATT 1994. Before acceding to the WTO, China had to negotiate every year its status of Permanent Normal Trade Relations with the United States.
 22. Nicolas Lardy, *Integrating China in the Global Economy* (Washington, DC: Brookings Institution Press, 2002), p. 10.
 23. While for other countries like Argentina, Brazil, India, and Indonesia, the average figure is 30 percent respectively.
 24. Although the terms "WTO-Plus" and "WTO-Minus" have somewhat become "common place" these days, Yamaoka has refined Charnovitz' typology (who indeed distinguishes between WTO-Plus Incumbent, WTO-Plus Applicant, WTO-Minus Incumbent and WTO-Minus Applicant: Steve Charnovitz in Merit E. Janow, Victoria Donaldson, and Alan Yanovich (eds.), *The WTO: Governance, Dispute Settlement, and Developing Countries* (Huntington, NY: Juris Publishing, 2008), 855–920, 869, as follows: "(...) to avoid the confusing terms of WTO-plus and WTO-minus, the following terms are used in this article though slightly wordy: (i) more stringent obligations to an applicant compared with the WTO Agreement; (ii) less stringent obligations to an applicant compared with the WTO Agreement; (iii) more stringent obligations to incumbent Members compared with the WTO Agreement; and (iv) less stringent obligations to incumbent Members compared with the WTO Agreement": Tokio Yamaoka, "Analysis of China's Accession Commitments in the WTO: New Taxonomy of More and Less Stringent Commitments, and the Struggle for Mitigation by China," *Journal of World Trade*, Vol. 47, 2013, p. 118.
 25. Yamaoka, "Analysis of China's Accession Commitments in the WTO," p. 109.
 26. Ling-Ling He and Razeen Sappideen, "Reflections on China's WTO Accession Commitments and Their Observance," *Journal of World Trade*, Vol. 43, 2009, pp. 870–871.
 27. See Joel Wuthnow, Xin Li, and Lingling Qi, "Diverse Multilateralism: Four Strategies in China's Multilateral Diplomacy," *Journal of Chinese Political Science*, Vol. 17, 2012, pp. 269–290.
 28. For a detailed description of the Chinese involvement in the World Trade Organization DSM, see Wenhua Ji and Cui Huang, "China's Experience in

- Dealing with WTO Dispute Settlement: A Chinese Perspective,” *Journal of World Trade*, Vol. 45, pp. 1–37; Cui Huang and Wenhua Ji, “Understanding China’s Recent Active Moves on WTO Litigation: Rising Legalism and/or Reluctant Responses?,” *Journal of World Trade*, Vol. 46, 2012, pp. 1281–1308.
29. See generally: K. Zeng, “Multilateral versus Bilateral and Regional Trade Liberalization: Explaining China’s Pursuit of Free Trade Agreements,” *Journal of Contemporary China*, Vol. 19, 2010, p. 651.
 30. Qingjiang Kong, “China’s Uncharted FTA Strategy,” *Journal of World Trade*, Vol. 46, 2012, p. 1200.
 31. James Scott and Rorden Wilkinson, “China Threat? Evidence from the WTO,” *Journal of World Trade*, Vol. 47, 2013, p. 781.
 32. Appellate Body Report, *United States: Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products*, WT/DS381/AB/R, adopted June 13, 2012, para. 372.
 33. WTO, Committee on Technical Barriers to Trade, Minutes of the Meeting of November 5–6, 2014, G/TBT/M/64/Rev. 1, March 6, 2015, para. 2.304 and 2.310.
 34. See Warwick Commission’s Report (2007), “The Multilateral Trade Regime: Which Way Forward?” The Report of the First Warwick Commission, University of Warwick, available at <http://www2.warwick.ac.uk/research/warwickcommission/worldtrade/report/contents.pdf>.
 35. Chin Leng Lim and Jiang Yu Wang, “China and the Doha Development Agenda,” *Journal of World Trade*, Vol. 44, 2010, p. 1327.
 36. Lim and Wang, “China and the Doha Development Agenda,” p. 1327.
 37. Gustaaf Geeraerts, “EU-China Relations,” in Thomas Christiansen, Emil Kirchner, and Philomena Murray (eds.), *The Palgrave Handbook of EU-Asia Relations* (London: Palgrave Macmillan, 2013), p. 499.
 38. We can probably even go further and argue that the relationship is one of complex interdependence as understood by the Neoliberalism school of International Relations. See Robert Owen Keohane and Joseph S. Nye, *Power and Interdependence* (Glenview, NY: Scott, Foresman, 1989).
 39. The deficit reached €131 billion in 2013. See http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113366.pdf.
 40. The European Union Chamber of Commerce in China, European Business in China Position Paper 2014–2015, available at <http://www.europeanchamber.com.cn/en/publications-position-paper>.
 41. European Commission, DG Trade, “Statistics of Anti-Dumping, Anti-Subsidies and Safeguard,” Statistics Covering the First Ten Months of 2014, November 14, 2014, p. 8, available at http://trade.ec.europa.eu/doclib/docs/2013/august/tradoc_151694.pdf.
 42. The symbolic importance of the recognition of China as a market economy has been regularly reaffirmed by the Chinese leadership in the context of the European debt crisis. In this context, Wen Jiabao, the Chinese Premier argued that recognizing the status of market economy is “the way a friend treats another friend” during a press conference at the World Economic Forum in 2011. See <http://www.weforum.org/news/premier-wen-china-will-do-what-it-can-global-economic-stability-and-recovery>.

43. Council Regulation (EC) No. 1225/2009 of November 30, 2009 on Protection Against Dumped Imports from Countries Not Members of the European Community, OJ 2009, L 343/51, Art. 2 (7).
44. Nicola Casarini, "China's Approach to US Debt and the Eurozone Crisis," *Ideas Reports*, Vol. 12, June 2012, p. 43, available at <http://www.lse.ac.uk/IDEAS/publications/reports/pdf/SR012/casarini.pdf>.
45. François Godement, "A Global China Policy," *ECFR Policy Brief*, June 2010.
46. Sophie Meunier, "Divide and Conquer? China and the Cacophony of Foreign Investment Rules in the EU," *Journal of European Public Policy*, Vol. 21, 2014, p. 1010.
47. François Godement, "The Scramble for Europe," *European Council for Foreign Relations, Policy Brief*, No. 37, July 2011, p. 1. Against that perspective, Kerry Brown argues that the Chinese investments in Europe remain low and that it is not likely to change until China "develops into a middle income, more developed economy." See Kerry Brown, "China's Overseas Investment in the European Union," *The International Spectator: Italian Journal of International Affairs*, Vol. 47, 2012, p. 74.
48. These elements are mentioned in Jan Wouters and Matthieu Burnay, "China and the EU in the WTO: Living Apart Together?" in Jan Wouters, Tanguy de Wilde, Pierre Defraigne, and Jean Christophe Defraigne (eds.), *China, the European Union and Global Governance* (Cheltenham: Edward Elgar, 2013).
49. In spite of its improving legal expertise, China still does not have full in-house capacity for WTO litigation and always uses the services of international law firms. This division of labor arguably does not always lead to an effective legal representation. See, Ka Zeng, "Legal Capacity and Developing Country Performance in the Panel Stage of the WTO Dispute Settlement System," *Journal of World Trade*, Vol. 47, 2013, p. 195.
50. See generally: Wang Zhenmin, "Legal Education in China," *The International Lawyer*, Vol. 36, 2002, pp. 1203–1212.
51. Pasha L. Hsieh, "China's Development of International Economic Law and WTO Legal Capacity Building," *Journal of International Economic Law*, Vol. 13, 2010, p. 1033.
52. Interview with EEAS official, Brussels office, June 19, 2013.
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CHAPTER SEVEN

INTERNATIONAL FINANCIAL INSTITUTIONS

Gerald Chan

This chapter explores the areas in which China and the European Union (EU) meet to cooperate or compete with each other in managing global financial affairs. It adopts an approach that combines the core elements found in realist, liberalist, constructivist, and evolutionary approaches. The chapter focuses on the International Monetary Fund (IMF) at the global level as the primary institution for analysis. At the regional level, it focuses on such major regional institutions as the European Bank for Reconstruction and Development, the Asian Development Bank, and the Chiang Mai Initiative Multilateralization (CMIM). The CMIM is viewed by some observers as a mini-IMF in Asia. The chapter examines three policy areas in which China and the EU compete or cooperate with each other in the IMF: their monetary contributions, their personnel contributions, and their policy contributions. It argues that despite the rise of China, the country's ability to contribute to global financial governance has been relatively limited and uneven up to this day. This is due mainly to the structure of the global financial system, which favors the dominance of the EU and the United States in it. Such embedded dominance has led China and like-minded countries, individually or collectively, to look for alternative structures, resulting in a financial world that is increasingly more pluralistic and polarized. China's accumulation of huge amounts of sovereign reserves and its plan and ability to use them effectively to enhance its economic growth have helped facilitate the emergence of a new global financial order.

The chapter first lays out a theoretical background by introducing briefly the mainstream approaches of realism, liberalism, and constructivism. It then explores the contributions made by social evolution as an alternative approach to complement these three mainstream theories, before embarking on an analysis of the China-EU relations in international financial institutions.

Contending Theories

A realist approach would assume that both China and the EU engage in global financial governance guided by a policy that aims at maximizing their respective national interests in a largely anarchical environment. A liberalist approach would assume that both parties realize that optimal rewards can be won through working together in financial institutions in a cooperative way to create mutual opportunities and benefits. A constructivist approach would assume that their behavior in international financial governance is shaped by their respective perceptions of their own norms, values, identities, and learnings, as well as those of their interacting partners. An evolutionary approach would chart and explain their respective adaptations to survive in the best possible way in the financial world in the face of their demands on each other and in the face of the conditions imposed by their external environments on them, involving multiple actors working at multiple levels from the local to the regional and the global.

My take on social evolution as a complementary approach or even an alternative approach to studying China's relations with the EU tries to generate something different, something new in our understanding of global financial governance. My starting point is Charles Darwin's theory of biological evolution, which postulates that biological changes occur over a long period of time in which the strong survives and triumphs over the weak in a continuous process of natural adaptation, selection, and elimination. Applying this theory to the study of social change, the global social world can then be seen as evolving through incremental changes over a long period of time in a process of adaptation, selection, and elimination. In international relations (IR), scholars have occasionally used evolutionary biology to explain changes in war and conflict.¹ In 2004, Bradley Thayer argued in his book titled *Darwin and International Relations*,² that "humans wage war for reasons predicted by evolutionary theory—to gain and protect vital resources."³ More recently, Tang Shiping of Fudan University, Shanghai, has revived the search for a grand theory by spearheading an effort to pick the wisdom of the theory of social evolution in order to offer a powerful explanation of the systemic transformation of international relations, sidelining existing theories of realism, liberalism, and constructivism.⁴ He argues that these three theories only offer partial explanations of social phenomena and that the so-called debates between realism and liberalism are anachronistic as these two theories explain social phenomena in different transitional periods. He explains how the nasty and brutish Hobbesian world, or offensive realism, self-transformed to become a world of defensive realism from 1648 (the Treaty of Westphalia) to 1945 (the end of World War II), and how some regions of the world turned to becoming more peaceful and

rule-based after 1945. Other scholars who are not so happy with the existing efforts to theorize IR also try to do something different. Daniel Levine, for example, endeavors to extricate himself as an analyst from the present quagmire of IR theorizing to another space, imaginary or otherwise, and then look at the world not from this world with which we are familiar, but from that particular space, thus challenging all existing IR theories from a detached and different angle never tried before, in the hope of, in his words, "recovering IR."⁵

In 1998, William R. Thompson of Indiana University organized a conference to take stock of the evolutionary approach to world politics, which resulted in the publication of a time-honored book on the subject in 2001.⁶ Thompson and his colleague, George Modelski of the University of Washington, highlight several major characteristics of this approach. These include, first of all, that the approach is highly flexible, involving multiple actors working at multiple levels. Second, the approach embraces an increasing complexity in social relations and international relations, interdependence, and coevolving subsystems. Third, the approach is marked by modesty in forecasting international events. Fourth, it is based on a human-species approach. Fifth, it is based on time and change.⁷ Modelski further says that the approach, by necessity, adopts evolutionary concepts such as mechanisms of change and social-selection mechanisms. These mechanisms include cooperation, reinforcement, mutation/innovation, and social-learning processes. To him, the political evolution process needs to relate to other evolutionary processes, be they biological or social, in order to achieve greater explanatory power. So far, the application of social evolution to IR has been relatively rare.⁸ Thompson and his colleagues, however, have made some preliminary attempts to apply such an approach to the study of some cases of interstate rivalries such as the Sino-Soviet split in the 1960s and the conflict between Israel and the Palestinian state, and also to the study of some specific issues in international political economy. In his book on *Darwin and International Relations*,⁹ Thayer applies in a meticulous way biological evolution to explain causes of war and conflict. He sums up evolutionary theory in four essential features: (1) animal behavior is the result of its genes and its environment; (2) neither genes nor environment is fixed over time; (3) a species is the sum of adaptations to survive; and (4) humans are animals.¹⁰

I borrow the idea of social evolution mainly from Thayer, Thompson, and Tang, and try to use it to evaluate the sources, formation, and change of China's relations with the EU, juxtaposing it with similar evaluations made by realism, liberalism, and constructivism (see table 7.1 for a summary).

While evolution biologists can use excavated fossils to serve as evidence to affirm or refute their theories, in social and political science, it is often

Table 7.1 Four IR perspectives on Sino-EU relations (a first cut)

	<i>Realism</i>	<i>Liberalism</i>	<i>Constructivism</i>	<i>Social evolution</i>
<i>Focus</i>	Power	Common interest	Norms	Change
<i>Nature</i>	Struggle for power	Collective action	Perceptions of power	Mechanisms of change
<i>Goal</i>	Maximization of interests	Mutual benefits	Perceived goals, shared or divergent	Survival
<i>Unit of analysis</i>	States	States and nonstate actors	States and nonstate actors	Multiple actors in the political, economic, and social worlds
<i>Level of analysis</i>	Interstate	Formal and informal; multiple; cross-level	Self vs. others	Multiple; cross-level
<i>Drivers of international actions</i>	(Near) absolute material gains	Relative material and nonmaterial gains	Status, identity, and learning	Adaptation, selection, and elimination
<i>Relations between China and the EU</i>	The EU as 28 individual states or groups of states, interacting with China based on competition for interests	The EU as a collective group, working with China to promote public goods and tackle common problems	Perception matters in the convergence or divergence of norms	Transformation through experimentation ^a

^aThe idea of China experimenting with multilateralism, especially in relation to developing countries, has been aptly elaborated by Injoo Sohn, “After Renaissance: China’s Multilateral Offensive in the Developing World,” *European Journal of International Relations*, Vol. 18, No. 1, March 2012, pp. 77–101. This experimentation can be likened to adaptation in practice, as admonished by China’s former paramount leader Deng Xiaoping, in his famous analogies of “the white cat, the black cat” (白猫黑猫) and of “crossing the river by feeling the stones” (摸着石头过河).

very difficult for researchers to come up with “hard” evidence culled from human and state behavior to test their hypotheses. A lot of theorizing in IR has been done by circumstantial induction or deduction, based on logics and reasoning. In comparison with realist, liberalist, and constructivist approaches to the study of IR, social evolution offers an alternative path that is more holistic and comprehensive in explaining changes and trends over a long period of time. This long-term, holistic approach has a higher rate of probability than other theories of avoiding the understanding of social phenomena by piecemeal observations under different circumstances in different and largely segregated periods of transition. These piecemeal observations often lead to partial images of reality, which can be likened to the famous Indian parable of the five blind men touching different parts of an elephant, leading them to conclude eventually what the mammal looks like through their individual touch and imagination.

At the sake of oversimplification, while realism emphasizes the importance of the struggle among nations for power and interests within a largely anarchical environment in explaining state behavior in a self-centered way, liberalism stresses the importance of mutual help and the creation of public goods in which states cooperate with each other, and constructivism stresses the significance of perception and the social construction of realism. In contrast, social evolution captures well the making and changing of policies, as well as behavior over a long period of time covering multiple issues. In international studies, social evolution pitches at a level of abstraction and generalization much higher than the other three theories. Hence, social evolution tends to possess greater explanatory power covering a wider scope of issues over a longer period of time. The downside of social evolution, however, is that it would be much more difficult to falsify its theoretical arguments. Also, the apparently grand standing of social evolution may dwarf the development of other theoretical approaches to IR, which might then lead to the “end of IR theorizing.”¹¹ If we make some allowance in our analysis to go beyond rational choice and positivism, especially at the microlevel, then social evolution can help expand our scope of critical thinking. The three other theories themselves, of course, have their differences in terms of levels of abstraction and degrees of falsifiability, which have been well discussed by scholars within the discipline of IR. Having now provided a theoretical background, let us turn to the structure of the international financial system and then see how China interacts with the EU in the system.

The Evolving International Financial Structure

The current global economic structure has inherited much of the legacy of the Bretton Woods system set up at the end of World War II. The system was

established to tackle the world's development, financial, and trading problems left over from the Great Depression of the 1930s and World War II in the 1940s. The tripartite system consists of the World Bank, the IMF, and the World Trade Organization (WTO, which replaced the General Agreement on Tariffs and Trade in 1995). China joined the World Bank and the IMF in 1980 and the WTO in 2001. In the global financial structure, the IMF is the leading intergovernmental institution. The Group of 20 (G20) countries too has come to play an important part in paving the way for the development of global finance. It is an extension of the Group of 8 (G8) industrialized countries led by the United States and its close allies. The G8, which began to take proper shape in 1994, found it necessary in 2008 to incorporate

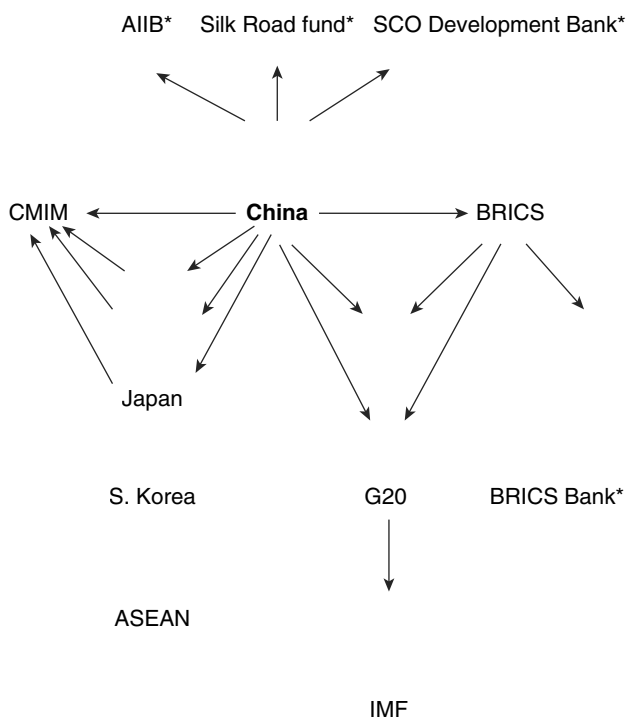


Figure 7.1 A model of China's multilateral financial involvement.

Note: G20 holds 65.8% of the quotas and 64.7% of the votes of the IMF.¹²

→ Indicates the direction of China's desired flow of its influence.

*These are new initiatives pushed by China since 2013.

AIIB: Asian Infrastructural Investment Bank; SCO: Shanghai Cooperation Organisation.

the emerging economies (such as the BRICS countries, consisting of Brazil, Russia, India, China, and South Africa) to discuss global economic issues. The relationship between the G8 and the G20 is in the main one of coordination. The interdependent relationship is such that policy influence flows from the G8 to the G20 much more than the other way round. In a way, the 12 emerging economies have so far been successfully absorbed by the highly industrialized eight to form the G20.¹³ Apart from these major organizations, there are many other regional financial institutions that look after financial affairs in their respective regions, mostly in coordination with the IMF. These include the Asian Development Bank, the European Central Bank, the Islamic Development Bank, and others. In Asia, China plays a significant part in the formation and development of the CMIM, a regionally based international organization dubbed as a mini-IMF in Asia.

Since 1980, China has increased its participation in the activities of the world financial structure, although the size and efficacy of China's involvement remain limited, for reasons of domestic constraints as well as external conditions. China's own limited financial acumen and its policy preferences account for some of the domestic constraints, while the embedded interests of the established major powers in the global financial system put an external limit on what China can do. In addition, China needs to work with other middle powers and emerging economies in global financial governance. Figure 7.1 shows a model of China's involvement in the global financial structure, including the regional structure involving the CMIM.

The Dominant Role of the IMF in the Global Financial Structure

In commensuration with its rising economic power, China strives to enhance its influence in the IMF, as part of its overall drive to enhance its global politico-economic standing. It wants to raise its voice and increase its voting power in the institution. China's effort in this respect can be gauged from three aspects: its monetary contributions, its personnel contributions, and its policy inputs to the organization. China's monetary contributions can be assessed in two streams: one is its regular contributions as a member state; the other stream is additional contributions made through the purchase of IMF bonds or other financial products. The regular contributions are very much tied to the existing system of quota rights and voting rights. Reforms in the distribution of these rights are at present ongoing, although being stalled (as discussed below in the chapter). As to additional contributions, China has come under some external pressure exerted by a few member states to help overcome the institution's financial difficulties, but the country has also come under domestic pressure for devoting more resources to help internal economic development. In any case, to tackle the global

financial crisis, in 2009 some rich countries pledged to contribute US\$500 billion to the IMF: the EU and Japan each pledged \$100 billion and China \$40 billion.¹⁴ At the 2012 G20 Summit held in Los Cabos, Mexico, China raised its contribution to \$43 billion, while other emerging economies like Brazil, India, Russia, and Mexico each offered \$10 billion.¹⁵ China's various forms of financial contributions to the IMF, although increasing, must be seen against the contributions made by other major countries and emerging economies.¹⁶

China's personnel and policy contributions have been very limited so far, compared with major powers in the West. The IMF staffing situation in 2013 showed that about 69 percent of managerial staff (economists and specialized career posts) came from advanced economies, while 31 percent came from developing countries. The comparative figures in 2014 showed little change, 69.1 percent and 30.9 percent respectively.¹⁷ The representation of Asians among the Fund's staff is relatively small despite the region's fast-growing economies. However, there was an increase from around 15 percent of Asian staffing in 2006 to about 20 percent in 2010.¹⁸ China's highest-ranking official in the IMF is Zhu Min. He was appointed Special Advisor to then-managing director Dominique Strauss-Kahn of the IMF in 2010. When Christine Lagarde became the new managing director in mid-2011, Zhu was made one of the three deputy managing directors, ranking in seniority immediately after the first deputy managing director.¹⁹ Zhu was the first Chinese national to have made it to such a high position in the Fund. Before he joined the IMF, he was a deputy governor of the People's Bank of China, China's central bank. Zhu has spoken on a number of media occasions in the recent past, including a BBC interview in Davos at the 2014 World Economic Forum,²⁰ on the need to increase the quota and voice of emerging economies in the IMF. Apart from that and other commentaries on the global economy and the influence of the state sector in the Chinese economy, it is not clear from available public sources what he has done to bring about major policy change at the IMF.

On the quota and voice reform in the IMF, Zhu pointed out in his BBC interview that the US Congress had been stalling the reform process by blocking its government's proposal to adjust the quota and voting shares, thus rendering any future IMF reform rather remote. It seems that it is not only the United States that is doing so. Parliaments of other countries in the developed West seem to act likewise, as established powers are reluctant to give away their vested interests and privileges. Belgium, a relatively small European economy, has often been cited as an example of this uneven distribution of voice and vote in the IMF: its share of vote and voice is greater than that of Brazil, a relatively huge, rising economy. In 2012, Belgium's gross domestic product (GDP), measured in nominal

terms, ranked twenty-fifth in the world, according to the IMF. However, it currently has 1.86 percent of the total votes in the IMF, larger than that of Brazil's 1.72 percent,²¹ although Brazil ranked seventh in the world's GDP in 2012.

So far the Chinese government does not seem to have made any clear suggestion in the public as to exactly what it wants to do in the reform of the voting powers in the IMF, apart from saying that the system needs to be changed to reflect more accurately the current economic power distribution in the world. China's official view is in line with the views of many other emerging economies like India, Brazil, and Russia. Speaking at the Asia Society Hong Kong Center on September 10, 2012, Arvind Subramanian, an economist from the Peterson Institute of International Economics in Washington, DC, suggested some tangible and aspirational change. He said that China should be empowered to contribute to the open economy of the world by giving the country a veto power in the IMF in order to encourage it to make greater contributions to the global economy.²² Were China given such a veto power, then its share of votes in the IMF should at least be more than 15 percent (as major decisions in the IMF needed to have 85% of votes to pass, according to its constitution. Only the United States has such a veto power in the IMF at present, as it has 16.5% of the voting share post-2010 reform.²³). This would translate into a hefty rise of China's current holding of votes from around 3.9 percent.²⁴ Established member states would then have to give up quite substantially some of their existing voting powers, and these member states include mostly Western European countries. The United States may not have to give up some of its voting powers, since it is a net contributor to the IMF based on its GDP strength. It is the Western European powers that have to sustain the loss of voting powers if a realignment of voting powers in proportion to GDP strength is to take hold.

Subramanian's suggestion, no doubt pleasing to the ears of Chinese leaders if not to those in other emerging countries, is unlikely to be accepted by decision-makers in Europe, apart from those in the United States and some oil-rich countries in the Middle East, as they are likely to hang on to their voting shares. Perhaps a progressive increase over an extended period of time might offer a better way out to satisfy partially the demands of the rising powers and yet not upset the Western European powers overmuch. However, a lot of bargaining and negotiation need to be done over a long stretch of time in order to get near to that point.

Figure 7.2 shows the projected outcome, if the 2010 agreed governance reform were to be adopted by 2012. That projected result would have put China behind the United States and Japan as the third-largest holder of quota and voting shares in the IMF. Also, the 2010 reform would have

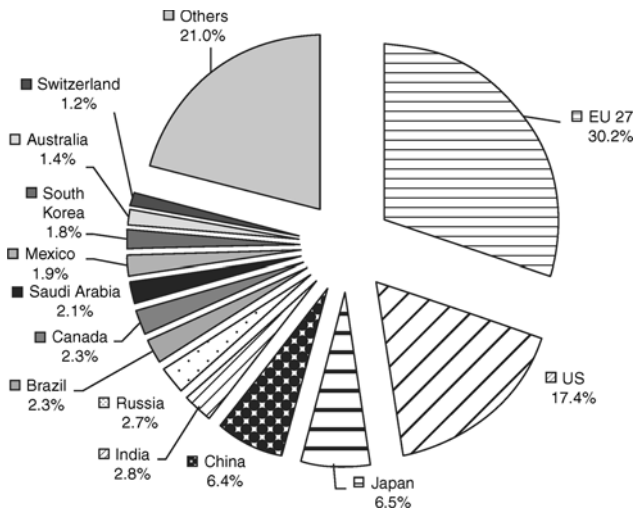


Figure 7.2 Projected quota shares in the IMF after the reform agreed in 2010 for implementation by 2012.

Source: IMF, 2011[?] "Quota and Voting Shares before and after Implementation of Reforms Agreed in 2008 and 2010," p. 1.

doubled the total IMF quota, in effect its equity capital to US\$720 billion. It would have shifted 6 percentage points of total quota to developing countries, and moved two of twenty-four IMF directorships from European countries to developing countries.²⁵ However, up till the end of 2014, the agreed-upon reform has not been implemented, due to the procrastination of the US Congress in passing the necessary domestic legislation, as pointed out previously in this chapter. In reality, China was still behind the United States, Japan, Germany, France, and the United Kingdom in terms of quota and voting shares as of end 2014. Its respective shares stood at 3.994 percent and 3.803 percent.²⁶ Although another round of reform is due to take place in 2015, the fact that previous reform agreements made in 2010 have not been implemented would mean that any future reform program would be further delayed.

One of the measurements suggested for making adjustments to the IMF quotas and shares is based on the GDPs of member states. If such a single measurement were to be used to make changes, then China would be a major winner, with the United States becoming the second-largest beneficiary after China. Many European countries, however, would lose shares, as well as oil-rich Saudi Arabia (figure 7.3).²⁷

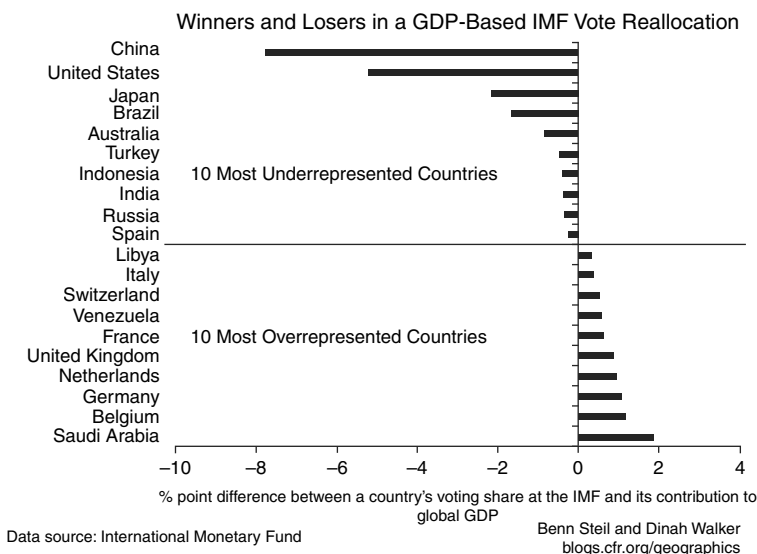


Figure 7.3 A hypothetical change to voting rights based on the use of GDPs to distribute voting powers.

The European Financial Situation and China

At the regional level, the European financial structure is arguably the most sophisticated and the most important transnational financial system because of its relatively long history of financial dealings in the modern era, and the large volume of trade and investments among countries in Europe and between many of these countries and the rest of the world.

China and Europe established formal relations in 1975. Their interactions cover a wide range of activities, but business and human rights issues have remained high on the agenda. In 2013, China and Europe adopted the China-EU 2020 Strategic Agenda for Cooperation, which lays down the parameters of bilateral relations based on mutual benefit working toward the near future. After taking office in March 2013, Chinese Premier Li Keqiang visited Europe twice that year. On his second visit in November, China offered a loan of US\$10 billion for the development of Central and Eastern Europe (CEE), which would have a positive, wider impact on the whole EU, as 11 of the 16 CEE countries had joined the EU.²⁸ President Xi Jinping's visit in March 2014 to four European countries—the Netherlands, France, Germany, and Belgium—further cemented China's strategic and trade relations with Europe, including the signing of a memorandum

of understanding with Germany to set up a RMB exchange market in Frankfurt.²⁹ London is at present the premier financial center in Europe to offer offshore currency trade in RMB. Its volume of global RMB trade was the third largest (5.9% of the global market) after Hong Kong, a clear front-runner (72%), and Singapore (6.8%), as of April 2014.³⁰ Apart from Britain, other European countries in the world's top ten offshore yuan centers included France, Germany, and Luxembourg, as of June 2014.³¹ In his six-day visit to the United Kingdom and Greece in mid-June 2014, Premier Li Keqiang further cemented China's relations with these two countries and with the EU. Li proposed to increase Sino-British trade to US\$100 billion by 2015,³² including in the hi-tech area. He signed a trade deal in Greece worth \$5 billion, covering infrastructural development and marine cooperation. China has expressed its wish to further invest \$310 million (£180 million) to expand the Port of Piraeus to facilitate trade promotion, in a deal that would require EU approval.³³ The change of government in Greece in early 2015 with the arrival of Prime Minister Alexis Tsipras and the subsequent bailout negotiations between Greece and the EU means that China's amounts and terms of investments in Greece might be subject to some adjustment. In terms of geostrategic thinking, Chinese leaders might have in mind the expansion of its (mainly economic) relations with the EU from both its eastern front (Greece) and its western front (the United Kingdom), and eventually linking Europe with China through the recently proposed New Silk Roads, together with countries in the Middle East, Central Asia, South Asia, and Southeast Asia.

The global financial crisis and the European debt crisis of 2008–2009 have provided China with an opportunity to readjust its macrofiscal policy. China's financial investment has moved quite substantially from US-dollar-denominated bonds to euro-based assets. According to an official US analysis, China's holdings of US Treasuries as a share of its total foreign holdings dropped from about 27 percent in 2010 to about 22 percent in 2013.³⁴ Within Europe itself, China has moved its investments from peripheral countries like Portugal, Ireland, Italy, Greece, and Spain to the core countries of Germany, France, Austria, and the Netherlands.³⁵ Furthermore, China's global investments have moved to cover a wide area around the world and into strategic investments in resources, infrastructures, and technologies, as a way of diversifying its assets and safeguarding its financial returns. At present, China's interactions with the European financial system seem to concentrate on bilateral ties and on commercial bases rather than on multilateral relations with, say, the European Bank of Reconstruction and Development. The European Central Bank, which looks after the financial affairs of the eurozone, however, signed in October 2013 with China's central bank, the People's Bank of China, to swap currencies worth 350 billion

yuan (US\$57 billion or £36 billion) to facilitate trade in local currencies rather than in US dollars. The agreement is to last for three years, subject to extension by mutual consent. As of October 2013, China has signed currency swap deals amounting to some 2.2 trillion yuan with 22 countries and regions around the world.³⁶

The Asian Financial Structure

China's involvement in the Asian economic structure can be viewed from its engagements with the Chiang Mai Initiative, the Asian Development Bank, and various trade pacts in the region such as the Asia-Pacific Economic Cooperation, the Pacific Economic Cooperation Council, the Trans-Pacific Partnership, the Regional Comprehensive Economic Partnership, and other free trade zones. This structure is fast evolving to include newly initiated organizations such as the Asian Infrastructure Investment Bank and the Shanghai Cooperation Organization Development Bank (figure 7.4).³⁷

China was slow to take part in the making and shaping of the Asian economic structure, partly because of its initial slow economic growth as a result of domestic political upheavals in the first three decades or so after World War II, partly because of its relatively low-profile diplomatic style, and partly because of Japan's much more active engagement in trade and investment in Asia before China's recent ascent. It was Japan that proposed some form of financial integration in the region in the 1980s, but the country's proposal received initially lukewarm responses from the United States and China. The United States was concerned that it might lose its power influence in Asia to countries in the region. China, however, was concerned about Japan's domination in Asia, overshadowing its own presence in the region. China changed its attitude gradually as it rose in economic prominence after adopting a reform and opening policy in the late 1970s and as it faced the demand for taking regional collective action subsequent to the Asian financial crisis of 1997–1998. China's more active involvement in the Chiang Mai Initiative in the financial sector can be seen against this light.

China, the CMIM, and Beyond³⁸

The CMIM is the only such organization in Asia performing functions similar to some of those found in the IMF, but on a much smaller scale and scope and at a much later stage of regional development. It aims to help member countries combat possible shortfalls in financial liquidity, as an insurance policy subsequent to the Asian financial crisis of the late 1990s. China, Japan, and South Korea are the three largest contributors to the fund of the CMIM, with the Association of Southeast Asian Nations

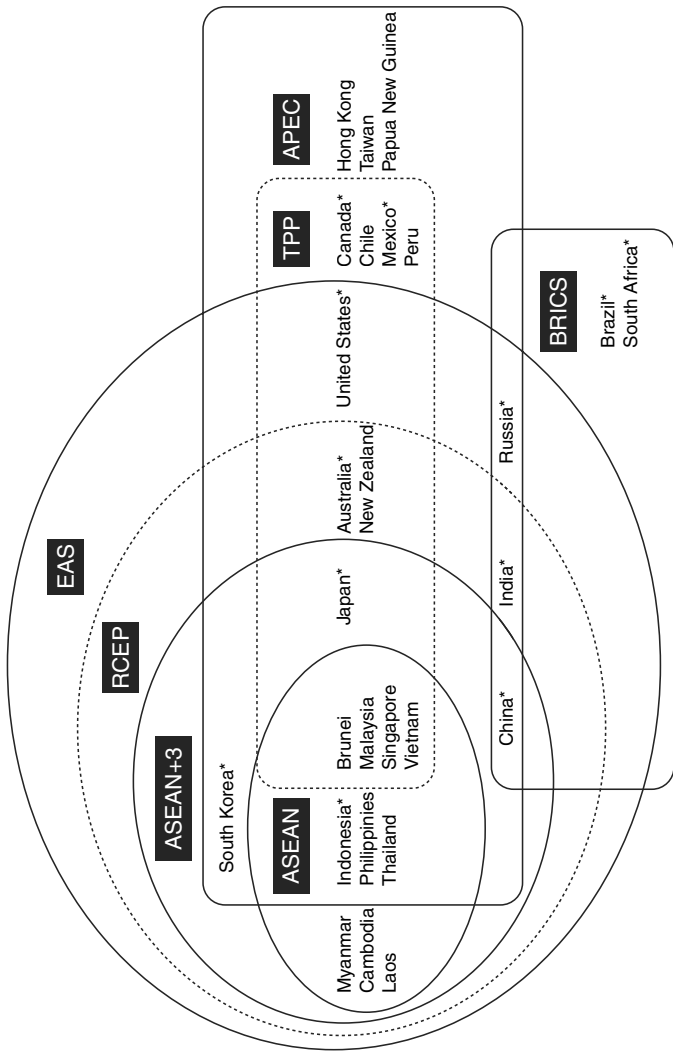


Figure 7.4 H_e Asian economic structure.

(ASEAN) ten countries contributing in different sliding scales by groups roughly according to their different economic sizes. Members' borrowing limits are also tied roughly in proportion to their financial contributions to the organization. China and Japan play major roles in the organization, in terms of contributions in money and personnel, if not in policy.

The organization has yet to be tested on several grounds. First, it is still relatively young, being institutionalized in 2010 as the CMIM. Second, the collective pool of funds for emergency lending is still relatively small, US\$120 billion rising to US\$240 billion by late 2014. Third, since its formation, Asian countries have not been really hit by any major economic crisis, despite the side effects of the global financial crisis that started in 2008–2009, which affected Europe much more than any other regions, with Asia left largely unscathed. Fourth, and more recently, because of the political and territorial disputes between China and Japan, progress in the further development of the CMIM might be stalled. Furthermore, the borrowing by member states from the CMIM is at present tied to the IMF: the amount of delink in terms of percentage was 30 percent in 2012, and it is expected to rise to 40 percent by 2014. This delink means that if members want to borrow more than 30 percent or 40 percent of their full allotments, they have to satisfy conditions set by the IMF. Many members of the CMIM have also set up currency swaps with major trading partners outside the grouping. This situation can be interpreted in two rather contradictory ways: one is that the role or influence of the CMIM is being diminished as a result; the other is the opposite view, which sees currency swaps as a supplementary means of boosting the functions of the CMIM when members face dire financial troubles.

To try to redress the perceived imbalance in representation in the existing global financial system, its relative dominant position in the CMIM notwithstanding, China seemingly adopts a three-pronged approach: first, to strengthen the collective bargaining powers of the emerging economies. This is being done in a number of ways, including the pooling of resources of the BRICS countries to form a development bank and to create currency swaps to help developing countries. Second, the BRICS countries are considering enlarging their membership to include other emerging economies such as Mexico and Turkey. Both are members of the G20. Third, China works with other emerging economies to try to reform the representation issue in major international financial institutions like the IMF and the World Bank. However, China's drive is hampered by some difficulties, as the BRICS countries are in fact not entirely united. India and Russia may have reservations about China's rise. India and Brazil are democracies, while China and Russia are not. India, in addition, has strengthened politicostrategic ties with the United States. Also, the progress of development of

the CMIM is at present suffering from the political fallout among China, Japan, and South Korea over some island disputes in the East China Sea and the Sea of Japan.

The CMIM is one example of China trying to cooperate with Japan and yet also trying to wrestle away some of the latter's financial influence in Asia. Another example is Xin Jinping's announcement at an APEC summit in Bali, Indonesia, in October 2013 that China planned to establish an Asian Infrastructure Investment Bank (AIIB). This proposed Bank is likely to take away some of the work and hence the influence of the Asian Development Bank (ADB), in which Japan and the United States are dominant players. They are the biggest shareholders of the ADB, taking up 15.7 percent and 15.6 percent shares respectively, while China has only 5.47 percent. China proposed a start-up capital of US\$100 billion for the AIIB, with itself as a major contributor, putting up half of the registered capital. This amount of capital would be comparable to the ADB's total subscribed capital of \$163 billion as of December 2013.³⁹ In parallel with the AIIB, China has also recently initiated the New Silk Road projects, one overland and one maritime, to connect China and Europe and countries along the way. Boosting trade is the top priority. To help to achieve this end, major infrastructural projects are proposed, including the building of high-speed rail links, port facilities, and telecommunications. China has set up a Silk Road fund amounting to \$40 billion to help finance some of these projects.⁴⁰ In terms of financial governance, at the global and regional levels, both China and the EU and other major stakeholders have a lot of politicking to do and adjustments to make to accommodate each other, in a process of selection and adaptation akin to social evolution.

Conclusion

China's rise has shaken up the financial world. The extent to which it has done so, however, has thus far been relatively small, but is likely to increase in intensity in the coming years. Established powers have started to make adjustments to accommodate China's rise or to counter it. At present, the United States and the EU still dominate the functioning of major international financial institutions like the World Bank and the IMF, backed by their strong votes and voices, as well as their informal powers in these institutions.⁴¹ Major member states of the EU have established working relationships with China covering many areas of activities ranging from the economic, social, and environmental, to the technology fields. These countries have also begun to diversify their cooperation with other emerging economies like India and Brazil and those in ASEAN, so as to cushion China's financial impact. European governments are, however, slow to part

with their vested political capital over Beijing, especially in ceding some of their existing voting powers in the World Bank and the IMF to the emerging economies and the developing world. They are also slow to accept China as a full member or as an “equal” in their fold, due to constitutional constraints, political ideologies, human rights reasons, and issues relating to China’s nonmarket status.

The result of these changes on both sides (China and other countries), mostly incremental in number and adaptive in nature, can be explained in a realist approach or a liberal institutional approach or a social constructivist one. From a long-term perspective, however, social evolution seems to have something useful to offer in explaining the adaptation, selection, and elimination of policies, not only on the part of the EU but also on the part of the United States and of China, in a process of enhancing their respective chances of better survival in the political, economic, and social worlds. This process of evolution is ongoing, and so far the world has thus become more pluralistic and polarized in the governance of the global finance.

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CHAPTER EIGHT

DIFFERENT VERSIONS OF INTERREGIONALISM AND ASEM'S MULTILATERAL UTILITY FOR GLOBAL GOVERNANCE

Tianxiang Zhu

Asia-Europe Meeting (ASEM) was founded in 1996 to be “a useful process for promoting further cooperation between Asia and Europe” in the fields of political dialogue, economic cooperation, and other areas such as cultural communication and social development.¹ However, ASEM’s significance has never been limited to Asia and Europe. Actually, the founding fathers of ASEM had greater ambitions at the global level, arguing that “this partnership aims at strengthening links between Asia and Europe thereby contributing to peace, global stability and prosperity.”² With the development of the ASEM process, more and more global issues appeared on the agendas of Asian and European political leaders and in various chairman’s statements and declarations, as well as follow-ups. However, it is still controversial whether and to what extent ASEM performed as an efficient and effective regime in that field.³ Researchers often focused on the forum itself, for example, the level of institutionalization, while seldom paid enough attention to its actors. Could we imagine that ASEM would maximize its multilateral utility for global governance without the common endeavor of those great powers from both Europe and Asia?

Therefore, this chapter is divided into five parts. First, theories of interregionalism, including its definition, categories, and functions, are discussed. Second, the chapter analyzes the European Union’s (EU’s) and China’s interregionalism separately and makes a comparison. Third, the chapter explores what ASEM did, as an interregional forum, for global governance, and then explains how the EU’s and China’s interregional strategies and policies toward the ASEM impact on the ASEM’s multilateral utility. Fourth, taking

the ASEM7 as an example, the chapter shows the differences between the EU and China not only in the ASEM process but also in global institutions. Finally, an open conclusion is made with some suggestions and advice for Sino-European relations as well as the EU's and China's cooperation in global governance.

Interregionalism in Theory

Interregionalism is not a totally new phenomenon in international relations, but it is relatively a new field for international studies. Since scholars have researched this subject for more than a decade, "interregionalism theory has... made two big contributions to the understanding of interregionalism. First, it has created a typology that allows us to clearly identify whether the characteristics of a project fit or do not fit into what is considered to be a case of interregionalism," and "the second contribution is the identification of the functions of interregional projects. This helps us to understand the reasons for the emergence of these projects, their *raison d'être* so to speak. It also enables us to identify the interests as well as the driving forces behind them."⁴

However, disputes over the definition, categories, and functions of interregionalism are still ongoing. First, what is interregionalism? It can be defined in the broad sense meaning comprehensive interaction between world regions,⁵ while other scholars focus on the actorness of the so-called region.⁶ From the author's view, interregionalism is based on the "natural region," within the "political region," and aims at "regional cooperation." On the one hand, as a geographical logo, it tells the origin and borders of those actors engaging in interregional relations. On the other hand, as a political structure, it constructs individual actors' behaviors and their relationships. Therefore, the author regards interregionalism as a process in which nation-states or regional organizations, from two or more different world regions, promote dialogue and cooperation within specific institutionalized frameworks.⁷

Second, as far as the form of interregionalism is concerned, Heiner Hanggi's typology both in the wider sense and the narrower sense is widely accepted.⁸ According to his research, interregionalism covers three main categories: interregional relations, megaregional relations, and quasi-interregional relations. The interregional identity of the first two is not a big question, but the third category, between a regional organization/regional group and a third country, does lead to controversy among scholars. In the author's opinion, although interregionalism is based upon region, it does not mean that the nation-state does not matter at all. In this new interaction, the nation-state does not disappear, but behaves in different ways and functions

by another unique approach. More importantly, in fact, not only regional organizations such as the EU and the Association of Southeast Asian Nations (ASEAN) construct their interregional relations⁹ but also individual states, for example, China, are developing their own interregional strategies and policies toward the Arab states, the EU, Africa, and Latin America.

Finally, the functions of interregionalism have been explained by mainstream theories of international relations, such as balancing, institution building, rationalizing, agenda setting, and collective identity building.¹⁰ In terms of global governance, institution building, rationalizing, and agenda setting were often mentioned individually, but few scholars considered them as different parts of a system. In the opinion of the author, institution building ought to be the top-design framework, and the efficiency, as well as effectiveness of the other two functions, depends upon what the institution is, how it operates, and the level of its institutionalization. Collective identity building also matters, which offers political will and ideas for promoting follow-up activities. Last but not least, the power factor cannot be overlooked. It is hard to imagine an interregional institution without great power that could speak more and louder on the global stage.

In this sense, interregionalism can be understood in this way, that is, power is the basis while collective identity building is the precondition, and rationalizing and agenda setting play the main roles within the framework of institution-building.

The EU's Interregionalism versus China's Interregionalism

Interregionalism essentially originated from European integration, in which European institutions were entitled to play a role as a regional actor in the field of external relations. Since the 1950s, European Community (EC)/EU had established a series of interregional relations with ACP countries in the name of Lome Convention, with ASEAN under the framework of AEMM, and with other regional organizations from Latin America as well as the Middle East, in which the EC/EU played a part as the earliest and the most mature hub of the system of interregionalism.¹¹

However, with the proliferation of interregional relations all over the world, a new picture of interregionalism with multiple hubs appeared, especially in the post-Cold War era. From then on, not only did the EU provide further momentum to this phenomenon but also other regional organizations or groupings, such as ASEAN, Mercosur, and the Andean Community, developed their own interregional networks.¹² In addition, some nation-states, like China, also established interregional relations with other regions step by step. Starting in 2003, when the Chinese government formulated its first external strategy document on the EU, China

established a series of cooperation fora with the Arab states in 2004, African states in 2006, and succeeded in holding a new interregional forum with Latin American and Caribbean states in 2014.

For the EU, interregionalism is not only one of the available approaches for pursuing its interests at all levels of the international system but also a unique way of being an effective global actor.¹³ By doing so, the EU would like to engage in Africa, Latin America, and Asia, while balancing the superpower's influence within and outside of these regions, in order to build a new European-style world order. Interregionalism, on the one hand, encourages other regions to unite together to be more powerful partners, and, on the other hand, shows the EU's institutional advantages over any other state or region so that the EU can take the lead or behave as a model in the process. Meanwhile, the EU makes full use of the interregional interaction to export its values, which are the main concerns of the EU's global agenda, and further promote its effective multilateralism.

For China, first, interregionalism also offers an option for balancing pressures from the country's hegemony against the background of its rise, and reduces anxieties about the threat of China on the part of its developing partners. Second, interregionalism also facilitates China's global pursuits with its own efficiency and effectiveness as a medium level of the international system, and wins much more support for a new international political and economic order. Finally, interregionalism, in particular China-led interregionalism, helps further strengthen the common identity between China and other interregional partners as developing countries, and creates an environment in which China can build its "community of common destiny" with other countries.

Although it seems that the EU and China have a lot in common when it comes to their interregional strategy, some inherent differences do exist. First, in addition to balancing the United States as a superpower, the EU and China also want to balance each other. Neither is willing to see the other to be a new superpower, and neither can get rid of the logic of the balance of power. Second, the EU and China often differ in their approaches to global governance and how to do it. As a "normative power," the EU would like to spread neoliberal ideas in general as well as European values in particular, and tends to carry this out in an assertive way, while China holds its own values, with Chinese characteristics. Neither argues that this is a universal model, nor forces others to do so. Finally, the EU and China both support regionalism in principle, but Europeans prefer to influence other regions by copying the European model in order that the EU can become a natural guide and then a potential leader in a new world based on regions,¹⁴ while China lacks similar policy instruments and approaches. Moreover, Chinese always argues that it does not interfere in others' internal affairs.

Therefore, no matter Sino-European interregional relations between them, or their separate interregional strategies toward other regions and countries, are necessarily full of cooperation and competition together, and we can see sometimes cooperative competition or sometimes competitive cooperation according to different occasions and issues.

The ASEM as an Interregional Forum

The inaugural ASEM was held in Bangkok on March 1–2, 1996. Leaders argued that the new comprehensive Asia-Europe Partnership “aimed at strengthening links between Asia and Europe thereby contributing to peace, global stability and prosperity.”¹⁵ The ASEM1 reconfirmed its strong commitment to a series of international treaties and agreements; agreed on the importance of strengthening global initiatives on arms control, disarmament, and nonproliferation of weapons of mass destruction; and emphasized that “the ASEM process should complement and reinforce efforts to strengthen the open and rules-based trading system embodied in the WTO,” while in other areas aiming to deal with the illicit drug trade, money laundering, terrorism, and other international crimes, both bilaterally and through existing multilateral initiatives.¹⁶

From the ASEM1 in 1996 to the ASEM10 in 2014, although the summit has aimed at better global governance,¹⁷ its performance so far has not been exciting, even disappointing. Maybe this is partly due to the “interregional capability-expectations gap,” as argued by Mathew Doidge,¹⁸ and it could also be explained by another gap between strategies and expectations. First, the ASEM is often said to be a response to the so-called “missing link” between Europe and East Asia in order that triadic relations can be at an equilibrium.¹⁹ For the EU, the ASEM was an alternative to compensate for its absence in Asia Pacific Economic Cooperation (APEC), while it was a necessary approach to compete with the United States and carry out its regional strategy, which aimed at “strengthen[ing] its economic presence in Asia” and “maintain[ing] its leading role in the world economy.”²⁰ In addition, when the United States began Iraq War and refused to ratify the Kyoto Protocol, the EU preferred to support the ASEM’s declarations on multilateralism and climate change, and the Europeans even argued strongly for reform of the international financial system, which is dominated by the United States, when the subprime crisis broke out in 2008.

At first glance, China has the same interests and took the same actions to counter US dominance, in particular in its pursuit of a unipolar system. However, a multipolar structure and multilateralism, in some sense, mean different things to Chinese and Europeans. What China emphasizes is the redistribution of power between North and South, in order that a new and

fair world order can be constructed, while the EU just seeks to change the distribution of power between Europe and the United States, in the hope that the EU's pursuit of more leadership can be accepted by the United States. Maybe the EU needs China to be a helper in that objective, and to promise more or less to help the Chinese enter decision-making circles, but the rise of China will be another challenge for the EU after their coactions toward the United States. It is a little hard to imagine that the EU will treat China as a real strategic partner in the long run. For the EU, judging from what has happened, China is likely to be a future United States, which is worth being alert to at any time.

Second, perhaps no one denies that the ASEM is an interregional arrangement, but people may disagree on its form or category.²¹ It is also unclear that the ASEM will become a pure bilateral interregional forum or a new transregional framework in the future.²² For the EU, due to its rich experiences in regionalism and mature institutional designs, the ASEM as a bilateral interregional framework based on a pure region-to-region foundation will be better for the EU's regional strategy toward Asia. That is also the reason why the EU places great emphasis on the role of ASEAN as a cornerstone in the whole region, why the EU supports the ASEAN secretariat to be an independent member in the ASEM process, and why the EU did not replace the EU-ASEAN dialogues with the ASEM.²³ However, China may prefer another form of interregional interaction with independent national roles, in order that it can not only be more flexible in Asia but also deal with the Europeans from a more balanced position.²⁴

Third, as far as rationalizing and agenda setting are concerned, the EU and China may agree on security threats, World Trade Organization (WTO) issues, and climate change negotiation in general, but often differ on particular cases and on details. To a large extent, this is due to their different positions in the international system. Sino-European relations are often affected by the division between the South and the North historically, and are further influenced at present by China's emergence as a rising power.

Moreover, at the very beginning of the ASEM process, according to EU treaties, the Europeans are required to promote political dialogue on values and codes, such as human rights, the rule of law and good governance playing a key role in furthering harmonious social development, and emphasize all the ASEM participants' commitment to the Charter of the United Nations, the Universal Declaration of Human Rights, and the Vienna Declaration and Programme of Action. However, most Asian members, including China, were not willing to do this in the ASEM process, and they felt uneasy about the EU's introduction of political conditionality into all of its bilateral relations. In doing so, the EU conflicted with ASEAN on the Myanmar issue and criticized China's limited reform in the field

of fundamental rights as well as freedom. Although the EU has admitted recently that it is not able to behave in Asia the way Europeans do in Africa and Latin America,²⁵ Europeans will not give up on upholding and promoting their values that are deeply ingrained in their thought. In this sense, conflicts between the EU and China will not disappear, because they are indeed totally different.

Finally, the "EU has encouraged, partly by example, partly through direct support, many of the new regional groupings in the developing world."²⁶ That is also the case in East Asia. Region-to-region interaction in the ASEM process forced Asian countries to push their own regionalism forward in the late 1990s, from an imagined grouping to a series of regional frameworks with ASEAN at the core. Of course, the EU is glad to see this result, not only because ASEAN was the only regional organization in East Asia when the EU needed a regional partner but also because ASEAN is a valuable approach by which the EU can cast its influence on the whole region as well as on a rising China. Although China promises to support ASEAN's dominant role in East Asian regionalism in principle, Beijing is also sensitive to the implied meaning of ASEAN-led regionalism through EU-led interregionalism, which aims to bind China to be a member of the region instead of a region dominated by China. Perhaps sometimes ASEAN is a friend, in order for China to protect Asia's common values as well as Chinese national interests, but when ASEAN stands with the EU to contain the rise of China, it is hard to say whether China will accept the current situation of regionalism in East Asia and bilateral interregionalism in the ASEM process.

The ASEM 7 as a Case

In order to counter the US subprime crisis and its related financial chaos and economic recession over almost all the world, European leaders agreed on October 15 and 16, 2008, that "the European Union must work with its international partners on a genuine, all-encompassing reform of the international financial system based on the principles of transparency, sound banking, responsibility, integrity and world governance." They asked the Union to "quickly take appropriate initiatives in consultation with its main partners and the relevant international financial institutions."²⁷

Two days later, French President Nicolas Sarkozy, on behalf of the presidency of the Council of the EU, and the chair of the European Commission, José Manuel Barroso, succeeded in persuading US President, George W. Bush to hold an international financial summit after the presidential election in November. Meanwhile, the EU paid much more attention to the roles of emerging economies for balancing the superpower and

for better global governance. Therefore, Sarkozy had a strong desire to join the ASEM7, which would be held in Beijing subsequently, and he told the press that one of his purposes was to invite China and India to attend the scheduled global financial summit, and explore ways to reform the current international financial system.

In Beijing, during the 30-minute bilateral meeting prior to the opening ceremony for the ASEM7, Sarkozy told Hu Jintao, president of the People's Republic of China (PRC), that "the ASEM summit has come at just the right time, as the world is experiencing an unprecedented crisis," and that he was deeply convinced that "Asia and Europe should join hands and adopt a method to coordinate the global economic system."²⁸ When it came to Sino-French relations, Sarkozy emphasized that Paris had always taken Beijing as a strategic partner and the stance had never changed. The key point was that he believed China would once again prove its importance on the world stage in the environment of a global crisis. Prior to the summit, Barroso also said, "[G]lobal challenges demand a global solution—ASEM has become the major forum for the EU and Asia to look into ways of addressing questions like global financial stability and it allows us to join forces on the international arena."²⁹

At the opening session, Sarkozy mentioned the coming Washington summit on the financial crisis again, and told the Europeans' Asian partners that Europe was going to present a united front, with the hope that Asia could support what the EU wanted to do. Meanwhile, Barroso also affirmed the EU's suggestion that the international financial system needed reform. On behalf of the host, Hu Jintao made a speech in which he argued for win-win cooperation between Asia and Europe. He welcomed and supported those measures taken by other countries to deal with the crisis, and committed China to trying its best to keep global finance and the economy stable together with its European partners. He also pointed out that strengthening relations with other Asian and European countries was an important part of Chinese diplomacy, and that China would deepen the Sino-European comprehensive strategic partnership, while engaging more in the ASEM process in the future.³⁰

During the plenary meeting, the host added the financial crisis as a new topic to the agenda of the ASEM7. Chinese premier Wen Jiabao considered Asian and European countries as vital powers in keeping international finance stable and promoting world economic growth. He argued that the defects of the current international financial system and governance structure had exposed in the face of the crisis. The whole international society, including China, required a new system based on equality, fairness, and effectiveness. In China's view, three steps should be taken immediately, that is, increasing the voices and representation of developing countries in international

financial institutions, broadening the supervision of the international financial system, in particular covering the developed countries, and establishing an equitable financial rescue mechanism at the global level.³¹

At the press conference after the end of the ASEM7, Wen called on all Asian and European leaders to attach greater importance to cooperating and to coordinating a response to the international financial crisis, and reminded the participants of the need to properly balance financial innovation and financial supervision. Sarkozy called the ASEM7 very helpful for Asia and Europe in tackling the global financial crisis and building a common cause. He encouraged China, India, the Republic of Korea, and Indonesia to play a major part in the Group of Twenty (G20) summit to be held the next month. In order to show the firm political will of Asian and European countries in responding to the crisis, the leaders agreed to issue a "Statement on the International Financial Situation."³²

The ASEM7 came to an end, but the actions of Asian and European leaders never stopped before or after this event. On the European side, French president Sarkozy played a key role, not only because of the French presidency of the Council of the EU but also due to his own great ambitions within and outside Europe. At the very beginning of the global financial crisis, Sarkozy realized that it would be an unprecedented opportunity to challenge the US dominant role in the current international financial system; therefore, he strongly desired to hold a special summit, which the Americans were actually not willing to do. In doing so, EU leaders sent obvious signals that they were ready to challenge Bush and his successor to reestablish the financial market order from a European perspective. France took the lead in this aspect, while other countries such as Spain also pointed out that the EU had to take a leadership role when the US situation was not good, which had been the consensus in the EU and among many other countries.

In fact, the EU may be the only strong competitor to the United States in the international financial system. The subprime crisis and the devaluation of the US dollar offered a historical chance for the euro to reestablish its power and reputation in the world. However, Europeans did not forget their past experience in failing to do so. Therefore, to unite other emerging powers that have similar demands is the best option for the EU. That is also the reason why the EU and its member states were so proactive in attending the ASEM7, which at that time represented around 50 percent of world gross domestic product (GDP), approximately 58 percent of the world's population, and 60 percent of world trade, and which would be held in Beijing, the capital of China, a rising great power that will have a significant impact on the future international system and world order.

To some extent, the ASEM7 was successful for the EU's strategy and a stepping-stone for the subsequent global financial summit. In Beijing,

the financial issue was temporarily added to the original agenda by China, and the Asian countries all agreed that the international financial system should be reformed. It seemed that an issues-based union with the EU at its core had been created, and that it was time for the ASEM countries to argue for their interests at the global level. As a result of the Washington Summit, the "Declaration of the Summit on Financial Markets and the World Economy" showed that leaders decided to take a series of actions to tackle the crisis following the common principles of reform, in which the EU was glad to see United States agreed to strengthen financial supervision, especially in cross-border ways, although Americans may be reluctant to do so. Meanwhile, China also benefited in Washington, because the summit was "committed to advancing the reform of the Bretton Woods Institutions so that they can more adequately reflect changing economic weights in the world economy,"³³ and China may be the biggest winner among the emerging powers.

However, the EU soon found something beyond its original expectation to be a leader and winner in this crisis. strategy. On March 23, 2009, Zhou Xiaochuan, governor of the People's Bank of China, published a paper titled "Reform the International Monetary System," arguing that in order to overcome the inherent weakness of the international monetary system, the desirable goal was to "create an international reserve currency that is disconnected from individual nations and is able to remain stable in the long run, thus removing the inherent deficiencies caused by using credit-based national currencies."³⁴ Unsurprisingly, this so-called super-sovereign reserve currency was explicitly rejected by US president Barack Obama, who defended the US dollar as "extraordinarily strong," and did not "believe there is a need for a global currency."³⁵

What did the Europeans think? The goal for the Europeans was to create a 2.0 version of the Bretton Woods System, in which the euro would be much more popular as a reserve currency and for international payment, if not another dominant one. In doing so, the EU aim to rebalance transatlantic relations and project European leadership around the world. Although the euro is a new currency that extends beyond traditional national borders, it is still a sovereign currency for the imagined United States of Europe as well as a tool for the EU's global ambitions. Therefore, it is not hard to understand why the Chinese proposal was also not welcomed by the EU. It has become clearer to the Europeans that the United States may be a block for the euro's interests in the international financial system, but China's argument is likely to destroy the future European world order.

It is a similar case when it comes to the reform of international financial institutions. In October 2010, the G20 had "reached agreement on an ambitious set of proposals to reform the [International Monetary Fund's]

IMF's quota and governance that will help deliver a more effective, credible and legitimate IMF and enable the IMF to play its role in supporting the operation of the international monetary and financial system."³⁶ The key elements included "shifts in quota shares to dynamic EMDCs and to under-represented countries of over 6 percent, while protecting the voting share of the poorest," and "greater representation for EMDCs at the Executive Board through 2 fewer advanced European chairs." Thereafter, the IMF executive board approved a major overhaul of quotas and governance, which was a frustrated change for the EU while exciting news for China.

There are both some things unchanged and some things changed as a result of the IMF 2010 reforms.³⁷ First, the United States still ranks in the number 1 position with 17.398 percent quota shares and 16.471 percent voting shares, which means the United States continues to have the final say on major decisions in the IMF. Second, all the European members' shares were reduced and none of them were able to keep their positions within the top three.³⁸ Finally, the shares of China increased a lot, and China replaced Germany as the third-largest holder in the IMF. Let us keep in mind what the EU would like to seek after the global financial crisis, and then we find that, on the one hand, as the direct object to challenge, the United States still stands there, with little negative impact on a US-dominated international financial system is just the tip of the iceberg. On the other hand, as a supposed assistant for Europe, China actually becomes the potential biggest winner in this battle led by the EU.

What was left for the EU then became a serious question for European political leaders. Although some advanced EU countries were not willing to complete the reforms, the EU had urged all members to do so. This is the case not because the EU really appreciates the 2010 reforms, but because, according to an EU document, "the U.S. could ratify the reforms soon thereafter which would put Europe in the spotlight and have important consequences for the European standing in the IMF and the G-20," in particular "the euro zone's need for IMF resources in the short term may have helped lubricate the political wheels for its surrender of longer-term influence."³⁹ At present, the United States has become the final stumbling block for the implementation of the IMF reform, and the BRICS (Brazil, Russia, India, China, and South Africa) countries have expressed their disappointment and serious concerns.⁴⁰ In some sense, this may be a good news for the EU, but after all it is a double-edged sword.

In fact, even before the crisis, due to China's strength in the global economy, Fred Bergsten initiated the term "G2" (Group of 2), proposing the United States and China "supplement the existing institutions and make them work better by promoting prior agreement between the two countries whose cooperation has become a *sine qua non* for making progress

on virtually any international economic issue.”⁴¹ Although Bergsten did not mean the term to be “a new governing entity,” let alone a “dominant condominium,” it is hard for the international community not to imagine a new world with coleadership of the largest developed and developing countries. For Europeans, one of the so-called G2 members, if there is such a group, should have been the EU instead of China. This situation tells the Europeans two things. On the one hand, the White House is smart in its relationships with its other partners, and the Americans are very good at the policy of divide and conquer, so the EU should be more prudent in challenging its hegemony in the future. On the other hand, China has become the second-largest competitor for the EU, no matter whether in the economic field or on value issues; hence, the EU is likely to strengthen its two-sided policies toward Beijing, from which it follows that there is more “cooperative competition” than “competitive cooperation” in both Sino-European relations and multilateral global governance.

Conclusion

In theory, nobody can deny the potential of the ASEM for global governance, but in fact, perhaps only a few people will agree that the ASEM has done well in that field. Its poor performance can be explained by its own institutional design, but this chapter takes a perspective from its actors, arguing that the ASEM’s efficiency and effectiveness for global governance depend upon its major powers’ strategies and policies of interregionalism. The author selected the EU on the European side and China on the Asian side to discuss the question, with the conclusion that in the interregional process of the ASEM, the EU and China employ different versions of interregionalism, pursue different goals in terms of institution building, rationalizing, and agenda setting, and behave in different ways for balancing and collective identity building, so that the ASEM’s significance is diluted in the process of dialogues or at the phase of follow-ups. Of course, this does not mean that the EU and China have few interests in common. The key point is how the Europeans and Chinese regard those objective common interests. In the author’s opinion, three approaches can be found in the mainstream theories of international relations.

The first approach is power based. Realists tend to judge the identity of others and their roles in global governance based on power. To a large extent, power matters a lot for governance, but the dominant thought of balancing constrains or blocks collective action. The second approach is identity based. Constructivists always place an emphasis on identity as a prism for evaluating others’ power and their contributions to global governance. By doing so, this often leads to a simple division between friend and enemy,

and then causes a split in international society and brings conflicts instead of cooperation. The third approach is demand based. Institutionalists pay special attention to the reality of globalization as well as the urgent demand for global governance. It is the starting point by which they consider others' power and identity. In other words, the more power you have, the more responsibility you take. Each country has its division of labor in the governance system, but with a common identity as citizens of the earth village.

For the author, in general, a power-based approach is what the EU employed explicitly in relation to China, while an identity-based approach is relatively implicit for the EU's strategies and policies toward China. What needs to be promoted further for the two sides is to take a demand-based approach together. To achieve this goal, the EU and China had better learn to respect each other, cooperate in a win-win way, and make common efforts to change step by step. In doing so, China and the EU could deepen their "partnership for peace," "partnership for growth," "partnership for reform," and "partnership for civilization," while "deepen[ing] exchange and cooperation in the framework of the Asia-Europe Meeting (ASEM), promot[ing] equality, mutual trust and practical cooperation between Asia and Europe, and enhanc[ing] the role and influence of ASEM in upholding world peace and regional stability, promoting world economic recovery and sustainable development and working for solutions to global issues."⁴²

Notes

1. Chair's Statement of the First Asia-Europe Meeting, Bangkok, March 2, 1996.
2. Chair's Statement of the First Asia-Europe Meeting, Bangkok, March 2, 1996.
3. Christopher M. Dent, "The Asia-Europe Meeting and Inter-Regionalism: Toward a Theory of Multilateral Utility," *Asian Survey*, Vol. 44, No. 2, 2004, pp. 213–236; Rüländ, J. "Interregionalism and the Crisis of Multilateralism: How to Keep the Asia-Europe Meeting (ASEM) Relevant," *European Foreign Affairs Review*, Vol. 11, No. 1, 2006, pp. 45–62; H. Maull and N. Okfen, "Comparing Interregionalism: The Asia-Pacific Economic Cooperation (APEC) and the Asia-Europe Meeting (ASEM)," in H. Hänggi, R. Roloff, and J. Rüländ (eds.), *Interregionalism and International Relations* (London: Routledge, 2006), pp. 217–233.
4. Maria Cecilia Olivet, *Unravelling Interregionalism Theory: A Critical Analysis of the New Interregional Relations between Latin America and East Asia* (Argentina: Buenos Aires, 2005).
5. Heiner Hänggi, Ralf Roloff, and Jürgen Rüländ, "Interregionalism: A New Phenomenon in International Relations," in Heiner Hänggi, Ralf Roloff, and Jürgen Rüländ (eds.), *Interregionalism and International Relations* (London and New York: Routledge, 2006), p. 3; Christopher M. Dent, "From Inter-Regionalism to Trans-Regionalism? Future Challenges for ASEM," *Asia Europe Journal*, Vol. 1, 2003, p. 224; Ralf Roloff, "Interregionalism in Theoretical

- Perspective: State of the Art,” in Heiner Hänggi, Ralf Roloff, and Jürgen Rüland (eds.), *Interregionalism and International Relations*, p. 18 (London and New York: Routledge, 2006); Julie Gilson, “New Interregionalism? The EU and East Asia,” in Fredrik Söderbaum and Luk Van Langenhove (eds.), *The EU as a Global Player: The Politics of Interregionalism* (London and New York: Routledge, 2006), p. 61.
6. Fredrik Söderbaum and Luk Van Langenhove, “Introduction: The EU as a Global Actor and the Role of Interregionalism,” in Fredrik Söderbaum and Luk Van Langenhove (eds.), *The EU as a Global Player: The Politics of Interregionalism*, p. 9 (London and New York: Routledge, 2006); Yeo Lay Hwee, “Regionalism and Inter-Regionalism in ASEM,” at http://aeh.asef.org/uploaded_files/ASEM/File/pdf/ASEM_Paper_Yeo_Lay_Hwee-NEW.pdf, p. 2; Michael Reiterer, “Interregionalism as a New Diplomatic Tool: The EU and East Asia,” *European Foreign Affairs Review*, Vol. 11, 2006, p. 223.
 7. Tianxiang Zhu, “EU’s Two Level Interregional Strategy towards East Asia after the Cold War,” Fudan University Doctoral Dissertation, 2011.
 8. Heiner Hänggi, “Interregionalism as a Multifaceted Phenomenon: In Search of a Typology,” in Heiner Hänggi, Ralf Roloff, and Jürgen Rüland (eds.), *Interregionalism and International Relations*, p. 33 (London and New York: Routledge, 2006).
 9. See Figure 1.2 Network of Bilateral Interregional Dialogues: Post-1990. In Mathew Doidge, *The European Union and Interregionalism: Patterns of Engagement* (Farnham: Ashgate, 2011), p. 17.
 10. Hänggi, Roloff, and Rüland, “Interregionalism: A New Phenomenon in International Relations,” p. 11.
 11. See Figure 6.1 Selected Transregional and Embedded Bilateral Interregional Relations, in Doidge, *The European Union and Interregionalism*, p. 182.
 12. Doidge, *The European Union and Interregionalism*, p. 16.
 13. Tianxiang Zhu, “Interregionalism and EU: A New Approach to Be an Global Actor,” *Social Science*, Vol. 10, 2010, pp. 21–26.
 14. Fredrik Söderbaum, Patrik Stalgren, and Luk Van Langenhove, “The EU as a Global Actor and the Dynamics of Interregionalism: A Comparative Analysis,” in Fredrik Söderbaum and Luk Van Langenhove (eds.), *The EU as a Global Player: The Politics of Interregionalism* (London and New York: Routledge, 2006), p. 131.
 15. Chair’s Statement of the First Asia-Europe Meeting, Bangkok, March 2, 1996.
 16. Chair’s Statement of the First Asia-Europe Meeting, Bangkok, March 2, 1996.
 17. In addition to those global issues which had been mentioned in all the Chair’s statements of each ASEM summit, other special documents such as the Asia Europe Cooperation Framework (AECF), the Cooperation Programme on Fighting International Terrorism, the ASEM Declaration on Multilateralism, the Declaration on Climate Change, the Beijing Declaration on Sustainable Development, and the Brussels Declaration on More Effective Global Economic Governance, are cases in point.
 18. Doidge, *The European Union and Interregionalism*, p. 184.
 19. Chen Zhimin, “NATO, APEC and ASEM: Triadic Interregionalism and Global Order,” *Asia Europe Journal*, Vol. 3, No. 3, 2005, pp. 361–378.
 20. Commission of the European Communities, “Towards a New Asia Strategy,” July 13, 1994.

21. Gilson, "New Interregionalism? The EU and East Asia," p. 61; Jürgen Rüländ, "Interregionalism: An Unfinished Agenda," in Heiner Hänggi, Ralf Roloff, and Jürgen Rüländ (eds.), *Interregionalism and International Relations* (London and New York: Routledge, 2006), p. 297.
22. The enlargement of ASEM process raises questions on its nature, for example, the third category identity for Russia, Australia and New Zealand, in particular the latest enlargement including Bangladesh, Norway as well as Switzerland, which have gone beyond EU on behalf of the European side while ASEAN10+X representing the Asian side.
23. Zhu, "EU's Two-Level Interregional Strategy towards East Asia after the Cold War."
24. Hong Zhou, "On the Asymmetry and Symmetry of Partnership between China and Europe," *European Studies*, Vol. 2, 2004, pp. 518–522.
25. ASEM9 reaffirmed both regions' determination to respect the right of ASEM peoples to freely choose their political system and freely pursue their economic, social and cultural development in accordance with the UN Charter and international law. See Chairman's statement of the Asia-Europe Meeting, Vientiane, November 6, 2012.
26. Commission of the European Communities, "European Community Support for Regional Economic Integration Efforts among Developing Countries," June 16, 1995.
27. Council of the European Union, "Presidency Conclusions," Brussels, October 15 and 16, 2008, p. 5.
28. "Asia, Europe Should 'Strive Toward Unity,'" *China Daily*, October 25, 2008.
29. "Europe and Asia Leaders Meet in Beijing for 7th ASEM Summit," Brussels, October 23, 2008, at http://europa.eu/rapid/press-release_IP-08-1575_en.htm?locale=en.
30. http://news.xinhuanet.com/newscenter/2008-10/24/content_10247032.htm.
31. <http://www.chinanews.com/gn/news/2008/10-25/1425327.shtml>.
32. "Statement of the Seventh Asia-Europe Meeting on the International Financial Situation," Beijing, October 24, 2008.
33. "Declaration of the Summit on Financial Markets and the World Economy," Washington, DC, November 15, 2008.
34. Zhou Xiaochuan, "Reform the International Monetary System," at http://www.pbc.gov.cn/publish/english/956/2009/20091229104425550619706/20091229104425550619706_.html.
35. "Obama Rejects China's Call for New Global Currency," at <http://www.thefreelibrary.com/Obama+rejects+China's+call+for+new+global+currency-a01611826410>.
36. The Communiqué of the Meeting of Financial Ministers and Central Bank Governors held in Gyeongju, Republic of Korea, October 23, 2010.
37. See "The Quota and Voting Shares Before and After Implementation of Reforms Agreed in 2008 and 2010 (In Percentage Shares of Total IMF Quota)," at http://www.imf.org/external/np/sec/pr/2011/pdfs/quota_tbl.pdf.
38. The new top three will be the United States, Japan, and China, while Germany keeps the fourth, then France, the United Kingdom and Italy within the top ten.
39. "EU Urges Members to Finish IMF Reforms," *The Wall Street Journal*, September 14, 2012, at <http://online.wsj.com/news/articles/SB10000872396390444709004577651413599039728>.

40. "Sixth BRICS Summit—Fortaleza Declaration," at <http://brics6.itamaraty.gov.br/media2/press-releases/214-sixth-brics-summit-fortaleza-declaration>.
41. Fred Bergsten, "Two's Company," *Foreign Affairs*, September/October 2009.
42. "China's Policy Paper on the EU," April 2, 2014.

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CHAPTER NINE

TRADITIONAL SECURITY ISSUES

Fulvio Attinà

Traditional security issues are about the threats against the essential values of the state, territorial integrity, and political sovereignty. Means, which are also important in defining traditional security, consist of weapons, armaments systems, and the military, but diplomatic means like pacts and alliances aimed at building special relations between states for security purposes are also means of traditional security. All such means, as well as the essence of traditional security, are constantly changing under the impact of technological innovation, new ideas, and political evolution. Today, change in three areas shapes the security agenda of states like China and international organizations like the European Union (EU). First, the security of the states is within the competence of the primary institution of the world, the United Nations (UN), which promotes multilateralism as a form of collective security protection. In the past 30 years, recourse to multilateral peace operations has been increasing, and, major states like China, and the most important international organizations, like the EU, have been directly involved in the advancement of the principles, rules, and mechanisms of multilateralism. Second, a new form of cooperation is gaining momentum at the regional level, complementing and gradually overcoming the tried and tested form of military alliances. Regional security cooperation has been growing in Europe over the past three decades, and is presently growing in Asia. Third, weapons and armaments as a means of traditional security are incomparably more advanced today than in past times. In particular, nuclear armaments are the most destructive and important weapons providing an effective umbrella to the security of the states. Nuclear technology needs important capital investment in research and production. Consequently, a few countries, including China, are in the group of the potential military superpowers of the future world. Allocating huge financial resources to weapons of mass destruction, which have unknown effects,

is a controversial and hard choice to make for actors like the EU, which strive to invest financial resources in security means of a different kind.

The present chapter examines the China and EU position toward such changes in traditional security issues. First, it shows the transformation of security into one of the public goods of the world under the UN umbrella, and the rise of multilateralism in contemporary security. It analyzes the Chinese and European approach toward such a transformation. Then it looks at regional security cooperation in general, and in Europe and Asia in particular to assess how the EU and China engage in such security building in current times. Last, the problem of nuclear armaments is examined as a clue to understanding the strategy of the two actors toward the expected new phase of world politics.

The Rise of Multilateral Security

In past international systems, wars of annexation of one state by another and for the partition of one state's territory by others were considered legitimate for ensuring a balance of power as the superior interest of the system. Today, such a condition is no longer accepted, and the security of all states is affirmed, with no exceptions. Should any other form of defense against aggression fail, the security of the aggressed state is protected as a public good by the UN's acting with military measures as means of last resort under a resolution of the Security Council (SC). The right of all states to survive against aggression was enshrined in the Covenant of the League of Nations, Article 10. Lacking an appropriate means of response, however, the Covenant norm proved to be ineffective. In 1945, the UN Charter, Article 2.4, reinstated the prohibition on the use and threat of force against the territorial integrity and political independence of all states, whether members of the UN or not, and Chapter VII ruled on the means. However, the defense of territorial integrity was achieved only through the UN's practice of peace operations, initially known as peacekeeping missions. Thanks to this practice, today the probability of a country's surviving a potentially fatal act of aggression is the highest it has been ever. Evidence of this is provided by the very small number of successful attempts at crushing sovereign states since the end of the World War II. The very small number of such cases and the fact that the Western coalition made the largest political and military contribution to the UN operations, support the theory that in the contemporary world the security of states as political-territorial entities is, like a public good, guaranteed in the last instance by the institutions of the world system through the practice of multilateral intervention. Based on this premise, attention is drawn to multilateralism in security protection, and the role China and the EU play in it.

Multilateralism is more than the cooperative context in which three or more states reconcile their different preferences by negotiation and bargaining. It is, instead, the context constructed on principles shared by large groups of states for achieving common goals and producing public goods. The existing principles of multilateral security are stated in Chapter VII of the UN Charter and the official documents of international organizations. They claim protection from aggression, the use of armed force for anything other than legitimate defense, acts of terrorism, the massive abuse of human rights, and the respect of agreements concerning weapons of mass destruction. They are put into practice through rules and mechanisms aimed at discouraging the aggressive behavior of the states and, in the case of violation, at restoring peace and security. In addition to economic and diplomatic sanctions, the principal mechanism of multilateral security is military intervention, which is eventually complemented by civilian means. Legitimate intervention operations are limited in time and size, are authorized by an international organization or an international coalition, and are carried out with military and civilian personnel and means furnished by member states under a military command, which is responsible to a multilateral authority as a guarantee for impartiality in the conflict in which they are intervening. It has been usual to distinguish missions for peacekeeping and monitoring truces and armistices; for peace building and reconstructing the political, civil, and administrative structures of the states subject to the intervention⁷ and for enforcing peace through the demobilization of irregular armed forces. Today, almost all multilateral operations are given multiple tasks and have military, political, civil, administrative, and police capabilities for state rebuilding (Attinà 2014).

Progressively, multilateral security has questioned the principle of non-intervention in a state's internal affairs, redefining the principle of sovereignty. In addition to recognizing the need for stopping an international war, the UN has legitimized the principle of intervention for humanitarian reasons and the restoration of peace, when violent conflict takes the form of domestic conflict or civil war. However, this recognition is controversial. The Chinese government has for a long time opposed peace missions as a lawless form of sovereignty violation, but refrained from vetoing SC resolutions authorizing peace-building missions (Yeshi 2005). This was not the case with the recent crises in Libya and Syria. China and the European countries found themselves at odds over the handling of these crises. China supported international sanctions against Mu'ammar Gaddhafi, but turned critical of the French, British, and North Atlantic Treaty Organization (NATO) forces action for regime change as not authorized by SC resolution 1973, and abstained on the resolution on the protection of the Libyan civilians. The Libya case may have influenced China's decision on the three

draft resolutions sponsored by the European countries concerning the Syria crisis. China decided to veto, together with Russia, the three resolutions (Chen 2013: 181).

The Chinese attitude illustrates the dilemma faced by states when considering intervention for security reasons. The supporters of the sovereignty principle accept intervention on consent by the authorities of the state subjected to the intervention. This is the official position of China, but the Chinese representative at the SC does not stand behind it firmly. To others, human suffering and the threat to peace as consequence of violence and aggression are sufficient legitimization for external intervention. To the question of who holds the power and responsibility to act, the supporters of the principle answer that it is held by the multilateral institutions, in effect the UN, and, subordinately, by regional security organizations authorized by the UN. However, when the decision-making procedures of the organization lead to nonintervention, there have been cases of the self-attribution of such responsibility by individual governments.

The experts have variously explained the post-1980s growth in the number of peace operations. After the Cold War, the United States and Russia preferred to transfer to the UN the commitments that linked them to regimes turned irrelevant for their foreign policy. The West European countries came to a common defense policy of developing capabilities for joint military and civil crisis management. Another incentive for multilateral security was the role that regional international organizations wanted to play in peacekeeping.

The existence of factors that stimulate the growth in the number of peace missions does not lead to improvement in the efficiency of these missions. Often peace missions treat only the symptoms and not the causes of the underlying problems of the conflict. In addition, intervention often has secondary negative effects such as distorting the social fabric and creating new forms of criminality. Completing the process of change, which a military intervention is supposed to engender, is hard to do because the resources available are insufficient to produce order and stability. What is more, multilateral security faces a critical problem that is of direct concern to China and the EU, which is the willingness of states to commit themselves to peace operations.

Democratic states are inclined to commit themselves to peace operations for a set of attributes such as the institutional form that encourages the support of norms and procedures of mediation and negotiation, a foreign policy culture that encourages the legitimate use of force, national attitudes that support the protection of human rights and the spread of democracy, and the economic-technical efficiency to bear the cost of intervention and the capabilities for crisis management (Lebovic 2004). However, democratic

characteristics can hinder the commitment of a state to military operations because democratic decision-making encourages freeriding on security problems, especially when intervention has led to casualties that produce a negative reaction on the part of the public.

The democracy question is linked to the wealth question because frequently democratic states are rich states. In principle, the states with a high gross national product (GNP) and, consequently, a low cost in terms of percentage of GNP arising out of intervention, like the European states, are more prepared than others to commit to peace operations, but the probability of their taking part in a mission is high when they benefit from the public goods engendered by the mission to a marginally greater degree than others. Accordingly, the refusal to shoulder the role of principal contributors to peace missions is likely in situations in which small contributors and free riders receive more private gains than the bigger contributors or where the latter consider the cost of participation disproportionate to the public good gained. In such a situation, the willingness of the rich states becomes selective and oriented toward involvement in operations under the umbrella of regional organizations or of a coalition of the willing in which they are able to control the objectives. In fact, the number of operations undertaken by European countries under the aegis of organizations like NATO, the Organization for Security and Co-operation in Europe (OSCE), and the EU has been increasing over the last 20 years (Attinà 2008).

The involvement of nondemocratic and nonrich states in peace operations has grown noticeably in recent years and mostly within the UN system. The top 20 contributors of military personnel to UN missions today are countries from Asia, Africa, the Middle East, and Latin America. In 2013, China contributed almost 2,000 personnel, reaching the seventeenth rank. The first European country, Italy, a frequent member of peace operations, was the twenty-first in rank, contributing about 1,400 personnel. The country contributing the largest number of personnel was Pakistan, with about 8,300 units. This change is explained by the rise in the number of peace operations made up of a large number of personnel that are made possible by heavily populated states of the global South. Many of them gain some trade-off, like the exchange of troops, police, and observers for cash, training, and equipment from the developed countries, and financial and development assistance mediated by UN offices. Additionally, countries like China may have a stake in maintaining stability and gaining influence in the international system.

Noteworthy is the considerable growth in the number of operations prepared and deployed by regional international organizations and authorized/endorsed by the SC or with no such legitimating condition. In the last 15 years, the number of non-UN operations has overwhelmed those of UN

operations. Such a new agency and role is complemented by a shift in the legitimacy requisite. Peace operations are the legitimate instrument of collective action on condition of approval by the UNSC. Over the years, the number of operations with no such recognition and endorsement has been growing remarkably. In the time period 1945–1970, nine nonlegitimate operations were launched. In the next 25 years, the number increased to 25. In the last 12 years, 16 nonlegitimate operations have taken place (Attinà 2010). European organizations and ad hoc coalitions of countries have participated in the largest share of these operations.

Many experts suggest that the growth in the number of non-UN-led operations is a case of peacekeeping regionalization. But it should be recognized that multilateral security is challenged by an upsurge in minilateralism. In security affairs, minilateralism is the choice of any small group of actors to deliberately restrict other countries from participation in selected multilateral actions. In practice, the *selective* membership of minilateral operations serves the interest of the participants, though they pledge to serve multilateral principles. A priori, minilateralism is neither harmful nor beneficial to multilateral security. It is useful, as it overcomes an impediment to collective action, and is efficient because the few actors involved have the same political interests and easily converge around a solution to the problem.

China first took part in a UN peace mission in 1990 when Chinese military observers and staff officers joined the UN Truce Supervision Organization (UNTSO) in the Middle East and North Africa region. A year later, China contributed troops for first time, in the newly created UN Mission for the Referendum in Western Sahara (MINURSO), which is still active today. Up to 2001, China participated in eight UN missions, contributing mainly military observers and staff officers. From 2002 to 2013, troops as well as military observers and staff have been provided by China to 16 new UN missions. Altogether, over the past 12 years China has been contributing to a good number of UN missions active in a year (figure 9.1).

Taking on its shoulders to a growing extent the burden of multilateral security, China projects the positive image of a country ready to respond to the expectation for stability and security and for containing violence. Participation in UN operations is an important way by which China demonstrates it has no desire to upset the status quo, and bids for recognition as a great power. In particular, China does this in full adherence to the UN principles and practice of multilateral security, while the traditional regard of the Western countries toward UN operations has been increasingly turning toward shaping security operations within minilateralism. Engaging UN multilateral security is also part of the Chinese interest in the UN as the primary governmental institution of the world political system.

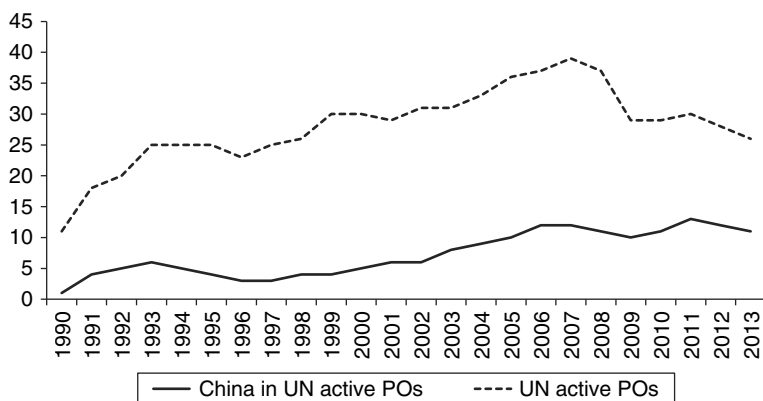


Figure 9.1 China's participation in UN active operations from 1990 to 2013.

By taking advantage of the opportunities offered by such an organization, China benefits from the influence and veto power it enjoys as a permanent member of the SC and is able to constrain the influence of the Western countries on UN operations.

China's penchant for intervention in sub-Saharan Africa (SSA) and the Middle East and North Africa (MENA) region is apparent from the data. These regions are the most conflict-afflicted regions today, and half the total number of UN missions is deployed there. Yet, the percentage of China's presence in UN operations in SSA and MENA is higher than the percentage for all the UN operations, as well as of the EU Common Security and Defence Policy (CSDP) operations in the two regions (table 9.1). On knowledge of the military and nonmilitary tasks of the missions in the SSA and MENA regions, the opportunity given to the contingents of the

Table 9.1 UN operations, China's participation, and CSDP operations in sub-Saharan Africa and the MENA region (1990–2013)

	<i>UN operations</i>	<i>China in UN operations</i>	<i>CSDP operations</i>
Sub-Saharan Africa and MENA	38 (57%)	20 (84%)	18 (62%)
Asia, Europe, Latin, and Central America	29 (43%)	4 (16%)	11 (38%)
	67	24	29

Source: ADISM Peace/Security Operations Dataset. Department of Political and Social Sciences, University of Catania.

participating countries, the Chinese contingents included, to learn about fulfilling new security tasks like humanitarian relief, human-made disaster response and counter-piracy is to take into due consideration an important aspect of those missions. Consequently, China's preference for intervention in Africa under the UN multilateral umbrella is not to be assessed just in relation to Beijing's geopolitical and geoeconomic interests.

The European peace operation experience is much longer and more varied than the Chinese one. The West European countries have been involved in UN operations throughout contemporary period. The theory of the nexus democracy-propensity to participate in peace operations explains the tremendous involvement of the EU member states in multilateral security. Also the nexus economic wealth-frequent participation in operations is confirmed by the EU member countries' involvement in peace missions. Here we focus on the CSDP operations, formerly known as European or ESDP operations. These operations are the instrument of the EU for crisis and conflict management in non-EU areas, but each member state can participate also in operations organized by the UN, an international organization, or a coalition of states.

In 1999, the European Council decided to build the EU's capabilities for military and civilian crisis management. Four years later, the first operation, the EUPM BiH (Police mission in Bosnia-Herzegovina), was launched. As of December 2013, CSDP operations totaled 29. Near one in three was completed in the 2003–2013 period. Consequently, the number of active operations has been growing each year. In the first five years, many CSDP operations were carried out in Europe, namely in the former Yugoslavia. A good number were civil operations (figures 9.2, 9.3, and 9.4).

The military and civilian capabilities of crisis management, conflict resolution, and state rebuilding have been created to serve the aspirations of

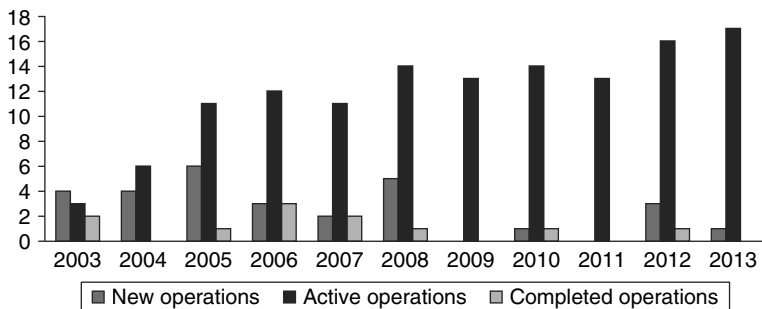


Figure 9.2 New, active, completed CSDP operations in a year.

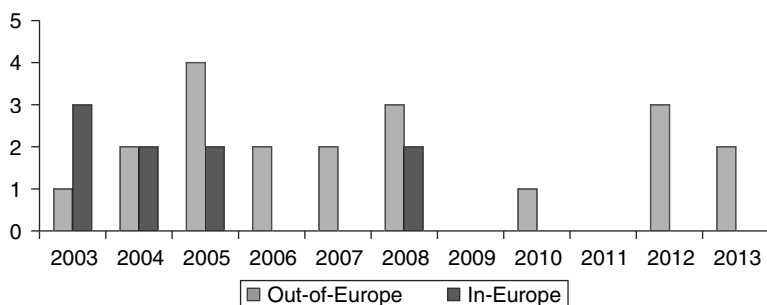


Figure 9.3 New CSDP operations in and out of Europe in a year.

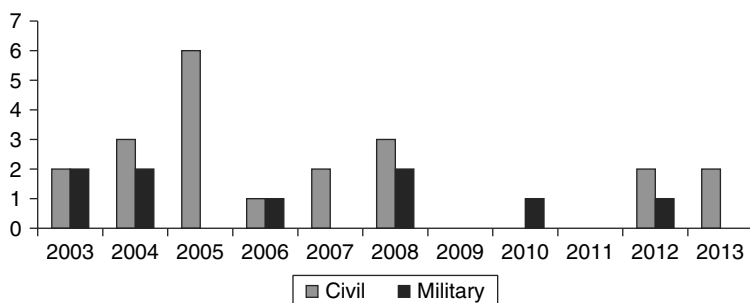


Figure 9.4 Civil and military CSDP operations in a year.

the EU to act responsibly and appropriately in all the theaters of risk and emergency in the world. But the CSDP capabilities have been employed so far to curb crises and conflicts in Europe, sub-Saharan Africa, and the MENA region (figure 9.5). The CSDP operations in Asia, however, are not low-profile ones, as demonstrated by the Aceh Monitoring Mission and the EUPOL Afghanistan mission.

The EU has the merit of promoting civil capabilities in crisis management to enhance security in every part of the world. The timely deployment of civil missions in an area of crisis has the positive effect of preventing the outbreak of violence. At the same time, the EU has increased the number of the non-SC-authorized, -endorsed, or -recognized missions. As the data suggest (figure 9.6), a link between unilateral non-UN legitimate operations and civil peace missions undeniably exists. All but two SC-authorized CSDP operations are military operations. In contrast, only 2 out of 21 CSDP operations with no or late SC recognition or endorsement are civil

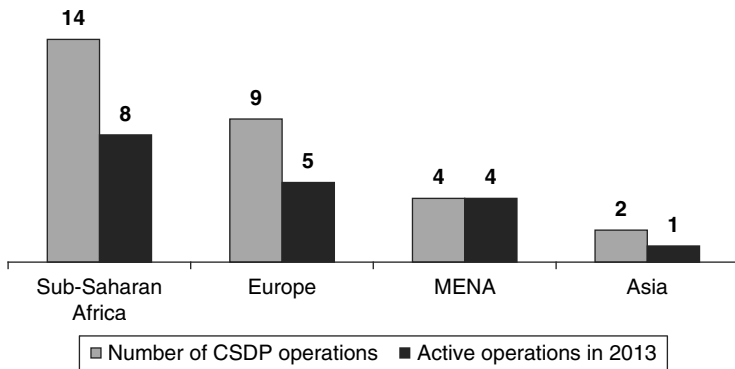


Figure 9.5 CSDP operations by region of deployment.

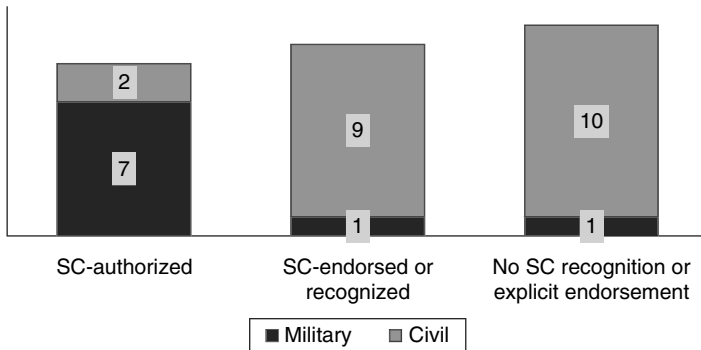


Figure 9.6 Military and civil CSDP operations and UN legitimacy.

operations. These operations are mandated to contain or prevent violence by acting on the public administration and agencies of the receiving state. In explicit terms, they are tools for spreading Western/European governance standards and know-how. This circumstance is a clue to understanding the EU's and China's different standpoints toward intervention as a means to peace and security promotion. Even though the EU strongly sustains multi-lateral security as a UN asset, UN authorization is not essential to launching European civil missions in crisis management. To Chinese policymakers, in contrast, security and peace through civil crisis management missions do not take precedence over state sovereignty unless the SC decides so in agreement with the government of the receiving state.

In conclusion, China and the EU are actively involved in peace operations and acknowledge this instrument as appropriate to the contemporary

conditions of the security of the states and the stability of the world. The European states have been broadly respectful of the way this practice has developed within the UN, but have also been involved in operations run by international organizations either not authorized or not endorsed or recognized by the SC. In brief, the European countries have never refused multilateralism in security, but, since the late 1990s, have pushed for multi-minilateralism. In the late 1990s, the EU decided to build crisis and conflict management capabilities, and in 2003 entered into the operation market by adding the "common" capabilities of EU-led operations to member states participation in UN-led operations. The EU counts on civil capabilities as a tool of crisis management and conflict resolution and for rebuilding the political and economic system of postconflict states, but pledges to respect the autonomy and sovereignty of these states. So, for the sake of peace and security, the EU is ready to act *entrepreneurially* in crisis management, and also short of the UN authorization and endorsement umbrella. China's involvement in security operations has been growing since the early 1990s strictly within the UN multilateral scheme. To Chinese rulers, the UN Charter is the only legal and, therefore, legitimate source of the decisions of the SC for authorizing actions of military intervention in conflicts and against aggressors. The use of armed force for self-defense by the peacekeepers and the consent of the local government to the multilateral operation are also requisites for legitimate intervention. Chinese policymakers believe that this approach is both the one preferred by the large majority of states and the best for getting the United States and Western countries to stick to multilateral rules and practices. However, the requisite of no violation of the autonomy of the receiving state may be suspended in cases deemed exceptional by the Beijing authorities. In a few such cases, China abstained in the SC voting on the resolution authorizing the mission. China and the EU will stick to multilateralism as the preferred way of strengthening the security of states *and* the stability of the world. In the future, China will stick to the way provided in the past by the UN for anchoring any intervention in the consent of the five permanent SC members. The EU will employ multilateralism as well, but also outside on the UN. As an organization that support the international action of the member states, the EU is called by them to play a multi-minilateral game in the world of security affairs, that is, to comply with multilateral principles and adopt the minilateral approach whenever European interests are not shared by other states.

The Comanagement of Regional Security

Cooperative solutions to security problems are transforming the regions of the world. These solutions are the result of the decisions of the governments of a region to set up mechanisms and institutions for preventing the

escalation of mutual threats and the consequent use of armed force. Such solutions were put in place in Europe from the 1970s to the 1990s by all the European countries and by institutions like NATO, the EU, and OSCE. In Asia, regional security cooperation has been set up by the ASEAN through the ASEAN Regional Forum (ARF), and by the Shanghai Cooperation Organization (SCO), both involving China. Such regional security cooperation consists of a series of political agreements, treaties, and organizations in which the states of the region and some states from outside the region are partners. For this reason, the name *regional security partnership* (Attinà 2006) fits in defining such an arrangement better than other names.

There is a chance to form a partnership as the governments recognize that jointly managed security mechanisms are preferable to military force, an armaments race, and military alliance competition. A new partnership discourages the creation of new military alliances and involves the existing ones in a network of shared practices and programs that transform their reason. This is possible if international relations are not characterized by strong regional rivalries, and the local governments are aware of interdependence and the joint exposure of their societies to problems crossing state boundaries that are better dealt with by coordinating national security policies. Under these conditions, regional governments are prepared to enter into negotiation about cooperative and preventive measures to avoid future crises that might destabilize the region and endanger the security of the states.

A regional security partnership consists of two types of agreements, fundamental agreement(s) about the principles for controlling problems threatening peace, and operational agreements aimed at implementing the fundamental ones. Consequently, a partnership becomes reality when the measures of the operational agreements tackle the security threats that originate from international and domestic problems. A further step is the setting up of mechanisms through which crises are prevented and conflicts resolved to remove security risks. Working tasks are either assigned to newly created organizations or entrusted to existing ones. In the European case, working tasks have been undertaken by the newly created OSCE as well as by NATO and the EU in the Balkan and former Soviet countries.

The European partnership has been formed over time by the Helsinki Process, known as the Conference on Security and Cooperation in Europe (CSCE), which began in the 1970s between the two military blocs. This process was the first to consider international and domestic conditions as the cause of the insecurity of an entire region (Adler and Barnett 1998). It involved cooperative security measures based on mutual information and assistance, and comprehensive security measures for dealing with security beyond the military sector, that is the social, environmental, and other

sectors. These measures were developed further by the OSCE replacing the CSCE in the early 1990s.

Today, the European security partnership continues to stand through the mechanisms operated by NATO, the OSCE, and the EU's security and defense policy, but the operative agreements have not been updated to meet new security threats and problems. In Europe and a short distance away from Europe, such as in the Middle East, some governments are unreceptive to cooperative mechanisms. For this reason, without denouncing the European security model, the EU governments strive to build a common defense policy and make it open to a partnership with non-EU countries. The events in Ukraine are a case in point here. The outcome of this and similar crises that may blow up on the continent will be crucial to the adaptation of the European partnership to new conditions of traditional security threats and eventually to bringing out new forms of cooperative and comprehensive security in Europe.

The new security partnerships in Southeast and Central Asia are partially comparable to the European one and to one another as well. Their progressive institutionalization demonstrates the tendency of the member states toward building a comanaged security system in the region. Differences in the political and governmental system as well as in economic development and religious and cultural traditions make the Asian countries resistant to pooling sovereignty and adopting binding instruments of crisis management. Consequently, the security partnerships of Asia display conflict prevention and resolution measures centered on minimal institutionalization, noninterference, and very low formality.

In 1967, Indonesia, Singapore, Malaysia, the Philippines, and Thailand created ASEAN with the aim of building regional stability as well as keeping national sovereignty alive and intact. ASEAN had to face many of the same types of security threats known in Europe and did so with no change in the sovereignty norms and practices accepted by its member governments (Rees 2010). ASEAN's approach to security rests on diplomacy and dialogue between the member states' defense ministries, and on treaties emphasizing neutrality, noninterference, peaceful settlement of disputes, nonconfrontation, and domestic stability. In 1994, ASEAN played a leading role in the creation of the ARF as a forum dedicated to discussing security matters like confidence-building measures, preventive diplomacy, and conflict resolution. Cautious about its larger neighbors, China and Japan, the ASEAN countries work with them through security dialogues like the ASEAN Plus Three, that is, China, South Korea, and Japan. They acknowledge that building a partnership on security is essential to controlling disputes over borders and maritime areas like the China-Taiwan and South China Sea disputes. Engaging actively in the Southeast security partnership, China in 2002 signed a Declaration on

the Conduct of Parties in the South China Sea, renouncing violent means of dealing with disputed sovereignty claims in these waters.

In Central Asia, regional security cooperation started in the mid-1990s with the Shanghai Five, and in 2001, China, Russia, Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan created the SCO. In 2004 and 2005, observer status was granted to Mongolia, Pakistan, India, and Iran. Originally conceived to foster stability in the region, resolve border disputes, and combat international terrorism, ethnic separatism, and religious extremism, SCO has developed into a framework for addressing also nontraditional security challenges like separatism, fundamentalism, and terrorism. China is especially concerned about the spread and infiltration of Islamic militancy across the borders with Pakistan and Afghanistan in the Autonomous Region of Xinjiang. In 2004, the SCO's secretariat was formally opened in Beijing and the Regional Anti-terrorism Structure (RATS) was created in Bishkek, Kyrgyzstan, enlarging the SCO's mandate for counternarcotics operations, and to address illegal trade of arms, risk to mining sectors, separatist movements, and nuclear proliferation. In November 2005, an SCO-Afghanistan Contact Group was created to propose cooperation on issues of common interest. Last, a comprehensive organizational structure and a regularized meeting mechanism for leaders and officials at various levels have been put in place to sustain the security partnership of the region even though it remains difficult "to implement what is written on paper" (Song 2014: 94). In brief, a process of regional partnership is fully in place in Central Asia with China's active engagement also in view of limiting the influence of external actors such as the United States. SCO is committed also to enhancing cooperation with other organizations, the EU included, on counterterrorism, counternarcotics, and the fight against organized crime.

In conclusion, the EU and China share a preference for cooperative security at the regional level but advance different policies toward regional stability. To the Europeans, stability and prosperity are associated with democracy, the rule of law, and human rights, in combination with economic integration. To China, avoiding chaos is central to any transformation process, and democracy and human rights relate to political instability. Hence, the Chinese model for stability aims at economic development with a small amount of political liberalization or none at all. Such divergent meanings of stability correspond to different concepts of security. The EU strategy for security partnership includes cooperative and comprehensive security mechanisms, which extend to human security, that is, the security of individuals and minorities. China stresses traditional security objectives like state sovereignty and territorial integrity, and does not care about human security matters. Though China has participated in more territorial disputes than any other state since the end of World War II, it has settled

the majority of these conflicts through bilateral agreements, usually by compromising on the sovereignty of contested lands. While continuing to signal its claims on the East and South China Seas, the Chinese government has reiterated time and again that military muscle flexing offers no solution, and that joint development of the abundant offshore resources can help overcome disputes.

Nuclear Weapons and Nonproliferation

Since the first successful nuclear test in 1964, China has had a small nuclear arsenal aimed at realizing deterrence capabilities against potential coercive threats. China's nuclear doctrine was presented for the first time in a 2006 Defense White Paper. It restated the defensive nature of its national nuclear deterrence policy based on the no-first-use principle. It also called for the comprehensive prohibition and complete elimination of nuclear weapons. Prior to signing the Comprehensive Nuclear Test Ban Treaty, the Chinese nuclear program conducted 45 tests. As of January 2012, it was estimated that China has approximately 200 nondeployed nuclear warheads.

The international security environment of China, in particular the strategic relationship with the United States and the likely developments in the Taiwan Strait and South China Sea, explains its efforts to maintain credible and effective counterstrike capabilities. The chances for a nuclear confrontation between major powers are remote, but the modernization of China's nuclear force feeds allegations of China's policy of regional hegemony and strengthens the demand of the American allies in the region for a credible US nuclear umbrella. Last, the modernization of nuclear weapons has an influence on China's position on arms control and nonproliferation agreements. In the next ten years, China will be able to achieve a secure second-strike capability through the deployment of submarines armed with multiple war-headed missiles capable of striking any part of the United States, and a new generation of intercontinental ballistic missiles (ICBMs) carrying multiple independently guided warheads (Zhang 2010). Consequently, the nuclear balance of power of China against the United States will significantly change from the present situation. In the next decade, China will be able to acquire a force capability as strong as that of Britain and France and reveal a condition of stable mutual deterrence with the United States.

Since its accession to the Non-Proliferation Treaty (NPT) in 1992 as a nuclear state, China has participated in all of the multilateral regimes of nuclear weapon nonproliferation, hosted regional nuclear security training, and established a nuclear security center of excellence following a bilateral agreement with the United States in 2011. It has also improved export controls, including regulations on nuclear materials and nuclear dual-use

exports. China, like the EU, opposes the use of military force to punish states guilty of reneging on their nonproliferation obligations. It bends to a soft approach for resolving such crises, advocating tolerance and the search for political solutions and legal agreements to counter noncompliance within the NPT and UN framework in the knowledge that it can veto any attempts to expand the authority of these organizations (Ogilvie-White 2007). Such a diplomatic approach to nonproliferation has direct implications in two key regions of concern, the Middle East, for Iran's nuclear program, and East Asia, for North Korea's. In both cases, diplomatic solutions have proved to be elusive. Therefore, China is called to exercise responsible actions in the relationship with the two countries.

In 2003, the European Security Strategy (ESS) considered the proliferation of nuclear weapons as "potentially the greatest threat to our security." It also paid special attention to the risk of weapons of mass destruction spreading to the near Mediterranean and Middle East area. Accordingly, the EU has called for employing various risk management policies. First, it emphasized the importance of collaboration between the members of the international community in confronting nuclear proliferation. Second, it called for alliance building, to put more pressure on countries like Iran by imposing multilateral and unilateral sanctions to increase, as much as possible, the costs of seeking a nuclear weapon.

In 2003, the EU Strategy against the Proliferation of Weapons of Mass Destruction was also adopted to form a joint European nonproliferation policy. In contrast to the George W. Bush administration approach of diplomatic isolation, economic sanctions, and the use of force against countries of proliferation concern, in particular Iraq, Iran, and North Korea, the EU's Strategy aimed to advance the traditional instruments of nonproliferation policy, emphasizing multilateral arms control and diplomatic engagement with countries and regions of proliferation concern (Cottey 2014). Moreover, the talks conducted by France, Germany, and the United Kingdom with Iran concerning uranium enrichment, brought the topic of nonproliferation to prominence as a CFSP objective. Iran has been the key test of European efforts to use diplomatic engagement backed up by the EU's political and economic weight to support nonproliferation. The convergence of the major EU member states on the same policy ideas was crucial to achieving such a result, and facilitating US engagement with Iran on the nuclear issue (Kienzle 2013).

The EU's commitment to halting proliferation is underlined by the nonproliferation clause added to the agreements with non-EU states since 2003. It obliges the parties to abide by their obligations under arms control and disarmament treaties. The states that refuse to accept such a clause or that violate it are suspended from enhanced political and economic

relations with the EU. However, by EU law the clause must be included in mixed (political and economic) agreements with third parties, and not in the Community-only economic agreements. At the end of the day, the EU's ability to influence key countries by making use of economic power is limited, while the countries with which nonproliferation clause agreements have been concluded are mostly poor countries and of little significance to nonproliferation.

Last, to advance her role in the strategy against the proliferation of weapons of mass destruction, the EU funds international organizations like the International Atomic Energy Agency and the Comprehensive Nuclear-Test-Ban Treaty Organization to deliver specific programs, and gives technical and financial assistance to third countries in order to put in place better controls over chemical, biological, radiological and nuclear materials to ensure that they cannot be obtained by terrorists.

Yet, the creation of EU nonproliferation policies has excluded the question of the European—French and British—nuclear arsenals. By current estimations, France possesses 348 deployed warheads, and the United Kingdom is said to maintain a stockpile of approximately 160 nuclear weapons. In 2010, the United Kingdom and France signed a treaty providing for limited cooperation on nuclear weapons. The potential for UK-French collaboration spans the spectrum of nuclear weapons issues, from technology to policy, and perhaps to operational matters. UK-French cooperation also suggests that coordination in the nuclear realm with the United States is desirable in order to move to a better distribution of tasks and resources. French proposals to gradually integrate both French and British nuclear forces into a joint European arsenal were tabled in the early 1990s and later renewed by the French president, Nicolas Sarkozy, but met with the opposition of the European partners. While France and the United Kingdom are not willing to abandon their nuclear capacities, supporters of disarmament such as Ireland and Sweden demand significant reductions (Jasper and Portela 2010).

Conclusion

To European and Chinese leaders, giving peace a central place in world development is the most effective way toward ensuring growth and prosperity for their countries and the world. But they have to respond to important challenges at the internal and the international level to support such claims. The EU's slow and tentative approach to the goal of creating a single foreign, security, and defense policy keeps open ended any forecast. China's domestic environment seeks to monitor in order to understand its people's feelings about security threats and instability, especially in the Asian region.

In particular, Europe and China have to work hard in an international context that is increasingly volatile concerning alignment and cooperation, in order to not disregard US willingness to counter their role in global institutions and policymaking. A tripartite China-US-EU dialogue on strategic issues could be a strong sign of cooperation toward a balanced multilateral political, security, and economic structure and a system that will also dispel fears stemming from Chinese reactions to counterencirclement. But European leaders are divided on how to deal with the American presence and role on the continent. China would like to see the US influence and dominance in the region lessen considerably.

The rise of China to a role of great power has the potential to alter the existing regional and global order, but it is hard to assess accurately how this will occur. China is depicted as a status quo rather than a revisionist power, and as a global player that is becoming increasingly cooperative and engaged in international politics. This chapter supports such a view because the increasing involvement of China in peacekeeping and in building security partnerships proves that it does act for cooperation and for the strengthening of international stability. But the view of China as a revisionist power cannot be discarded inasmuch as China continues to engage and back nondemocratic states and occasionally corrupt regimes such as Sudan and Myanmar, and to offer support to regimes, especially in Africa, that have no regard for good governance.

It is hard to look at Europe as a new nucleus of power on the world stage. European military capabilities are limited, decreasing, and are not used as the primary tool in external relations. Though Europe has a technologically advanced defense industry, and many civilian industries are relevant to military capacity building, the Europeans would be anxious about changing the global power setting and engaging in geostrategic competition. Accordingly, the EU's preference for being respected as a player promoting good governance throughout the world by exporting norms that it regards as having a universal validity is undeniable and has been confirmed by the present analysis.

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CHAPTER TEN

NONTRADITIONAL SECURITY ISSUES

Evangelos Fanoulis and Emil Kirchner

Introduction

Nontraditional security issues have steadily risen in significance since the 1990s, albeit more so in the European than in the Chinese context. Whether that rise results in greater prospects for EU-China security cooperation, particularly at the global governance level, requires further analysis of the notion of nontraditional security, of the degree to which the European Union (EU) and China have similar understandings of its meaning and applications, and of the extent to which EU-China cooperation on nontraditional security issues has taken place so far.

The nature of security has modified substantially since the end of the Cold War. The way in which it is understood by political actors, the means of delivering security, and respective policy implications have all significantly changed (Bourne 2013). Security is no more simply about “boots on the ground” or only associated with territorial defense and integrity (Kirchner and Sperling 2007). A series of potential new security challenges has emerged, hastened by the arrival of the post-Cold War era, the spread of globalization, and growing economic interdependence. Among these challenges are climate change, energy insufficiencies, food and water scarcity, environmental disasters, cybercrime, cyberterrorism, clandestine immigration, and arms proliferation. These challenges have not only affected the means of statecraft (currently less reliant on military means) but also necessitated greater reliance on international cooperation and on the role of regional organizations such as the EU.

Likewise, there has been a considerable opening with regard to the delivery of security. The nation-state no longer holds the monopoly in either being a security challenger or a security defender. Nonstate actors have entered the security arena at full speed, whether to challenge security

(e.g., terrorist movements and networks) or to provide security services to governments (e.g., private security companies) (Krahmann 2005).

Although subject to similar security challenges, different historical developments in Europe and China have affected the saliency that either party attributes to nontraditional security. Whereas Europe, with the construction of the EU, has emphasized the “sharing of sovereignty,” the denouncing of the use of force, and the engaging in milieu goals, China has maintained a more rigid adherence to sovereignty, territorial defense, and a more ready willingness to use force. For China, there is also a stronger belief that nontraditional aspects of security only thrive with the backing of military means. Despite these differences, the EU and China have demonstrated that cooperation on nontraditional security is a practical necessity, especially in areas such as cybercrime, counterterrorism and organized crime. However, how far these existing practices on nontraditional security cooperation will develop, especially at the global governance level, needs further careful analysis, which is undertaken below. The chapter first examines the background to the advent of nontraditional security and its impact on the international security landscape. This is followed by an analysis of the similarities and differences in the views of the EU and China on nontraditional security issues, and of how they seek to translate these views into policies and policy instruments. The chapter then turns to an examination of actual EU-China cooperation at the global governance level on four specific aspects: cybercrime, counterterrorism, the fight against organized crime, and migration concerns.¹ The chapter finishes with an exploration of the prospects for cooperation at the global level.

The Emergence of Nontraditional Security Threats

There has been a growing tendency in Asia, and particularly in the Chinese context, of using the term “nontraditional security” (Marquina and Caballero-Anthony 2008: 265). China’s 2013 Defence White Paper makes explicit reference to the linkages between traditional and nontraditional security (Information Office of the State Council, PRC 2013). Nonetheless, the concept remains contested. As Makinda (2001: 405) points out, “There is no clear definition of traditional security”; hence, it is also impossible to clearly determine what nontraditional security exactly means. Furthermore, nontraditional security is still used interchangeably with terms such as non-conventional or nonphysical security. Finally, there is confusion between nontraditional security and human security. The latter has been defined by policymakers and academics as either freedom from fear, freedom from want, or freedom from both (Acharya 2001; Marquina and Caballero-Anthony 2008). Due to such an abstract definition, human security can include all

potential threats that menace the prosperity of human beings, including even financial destabilization and the aging of the population. Human security comes much closer to the studies of the Securitization School, in which the referent object—that is, the unit of analysis that is threatened—largely determines the ontology of security (Buzan et al. 1998). However, nontraditional security is in principle determined through the nonconventional nature of the security threats themselves, with an emphasis on the nonmilitary and not openly violent character of them, hence qualifying as a broader conception than human security.

Although operating at different speeds among geographic regions, a number of interacting factors can be identified that have contributed to the arrival of nontraditional or new security threats. Among these main factors are the end of the Cold War era and the onset of globalization. The beginning of the post–Cold War era in the early 1990s brought important changes to the nature of security threats that affected the international security architecture, first in Europe and later in Asia. The passing of the bipolarity of the Cold War gave way to a more unstable multipolar international system, with more players competing against each other for global prevalence (Mearsheimer 2001). A new international structure started taking shape, with political and diplomatic developments of global significance such as the gradual disintegration of the Soviet Union and the arrival of German reunification. In its wake, this new international structure unleashed a number of ethnic conflicts, border disputes, and migratory pressures.

Globalization, which coincided with and partially preceded the post–Cold War era, has had both positive and negative implications for international security. On the positive side, it has resulted in, according to Cha (2000: 392), “a gradual and ongoing expansion of interaction processes, forms of organization and forms of cooperation outside the traditional spaces defined by sovereignty.” On the negative side, the financial crisis that struck the nations of Southeast Asia in the late 1990s indicated that the financial interconnectedness of countries can have dangerous side effects: when one economy suffers recession, the others are deeply affected as well (Chanda 2008). The financial crisis that ravaged the eurozone between 2010 and 2013 demonstrated that problematic economies can, at least temporarily, jeopardize broader projects of regional financial integration and that early financial planning is important in order to deal with lateral monetary and fiscal problems (Whitley 2010).

Further, globalization signified an era of technological breakthroughs, especially with regard to digitalization. Because of the latter, information and communication technologies have diminished the role of space and distance in the everyday politics of international society, bringing nation-states closer together, increasing their financial, political, societal, and diplomatic

interactions, and consequently their interdependence. Yet, digital technologies also signified the birth of new security challenges. Incidents such as the Millennium Bug have indicated how salient cybersecurity is and how disastrous the consequences of cybercrime and cyberfraud can be. At the same time, potent nation-states such as the United States, China, and Russia accuse each other of cyberattacks and cyberespionage. The episode of the US National Security Agency (NSA) spying on the mobile phone of German chancellor Angela Merkel is still fresh in our memories, proving once more the importance of cybersecurity.

In terms of timing, the EU started to link globalization with nontraditional security threats already in the late 1980s/early 1990s,² for example, by openly indicating globalization as one of the causes of transnational criminal activities (Bakowski 2013). In contrast to the EU, the Chinese communist leadership had been advocating central financial planning and self-sufficiency without unnecessary interactions with the capitalist world since the founding of the People's Republic of China (Nathan and Scobell 2012). Deng Xiaoping's "open door policy" started slowly exposing the Chinese society to globalization after the 1980s (Vogel 2011), with the country becoming a full member of the World Trade Organization (WTO) only in 2001. Arguably, entering the globalized world later than other countries allowed China to stay relatively protected from nontraditional security threats since it had not been greatly exposed to globalized interactions that bear negative byproducts, such as transnational organized crime.

Both the EU and China recognize the need to incorporate nontraditional aspects of security into the wider framework of security and to adopt a broadened or expanded definition of security. However, the two partners have differentiated views on the content of nontraditional security and on the means (military versus nonmilitary) that can be employed in the pursuit of nontraditional security.

Interpretations and Policy Implications of Nontraditional Security for the EU and China

Having reached a peaceful *modus vivendi* after centuries of bloodshed, European countries have subsequently put a high premium on the sharing of sovereignty and the pursuit of multilateralism at the international level.³ With the expectation of war among EU countries having become a remote possibility, especially after the end of the Cold War, attention has turned to a broad raft of nontraditional security concerns, stretching from counterterrorism to energy, climate, and health issues. However, China continues to rely on strictly applying the principle of sovereignty, linking it with the unification of the Chinese nation, territorial integrity, and the restoration of the Chinese status as a major power of the international system (Goldstein

2000: 21–25). This emphasis overshadows China's concern with or the prioritizing of the nontraditional aspects of security.

The clearest indication of how much importance the EU attributes to nontraditional security came with the publication of the European Security Strategy (ESS) of 2003, which quotes three nontraditional (terrorism, organized crime, and state failure) and only two traditional (regional conflicts and the proliferation of WMD) security issues as the main contemporary security challenges. The Implementation Report of the ESS (2008) expands the list by adding more nontraditional security concerns such as cybersecurity, energy security, and climate change, and the EU Internal Security Strategy (2010) (EU ISS) stresses the need to tackle organized crime, terrorism, and natural disasters. Last but not least, the Union acquired a Cybersecurity Strategy in 2013. In its external representation, the EU has tried to subsume these strategies and reports under the rubric of effective multilateralism. All the aforementioned strategic documents stress the need for international cooperation.

While not as explicit as the EU in terms of specifying or prioritizing nontraditional security aspects in its external policy, China has nonetheless been party to a number of declarations on the subject. For example, China's 2003 EU Policy Paper made reference to shared human security interests between the EU and China. These shared interests included fighting against international terrorism, promoting sustainable development and environmental protection, and eliminating poverty (Chinese Government 2003). It has also signed regional agreements on nontraditional security aspects. The first was the Association of Southeast Asian Nations (ASEAN)-China Joint Declaration on Cooperation in the field of nontraditional security (NTS), which was signed at the ASEAN-China summit in 2002. The agreement seeks to complement national and international efforts in addressing issues like drug trafficking, people and arms smuggling, sea piracy, money laundering, cybercrime, and terrorism. Chinese premier Li Keqiang reiterated in April 2014 the emphasis that China places on nontraditional security by suggesting the creation of a "regional security cooperation framework" to tackle issues of nontraditional security, stating also that

[w]e should promote security dialogue and consultation, strengthen cooperation on non-traditional security issues, including disaster management, maritime search and rescue, counter-terrorism and combating transnational crimes. (Chang 2014)

Such statements seem to imply that, for China, nontraditional security concerns may indirectly threaten Chinese sovereignty via the link of development. China's emphasis on peaceful coexistence suggests a clear linkage between the protection of national sovereignty (territorial integrity and

sovereignty) and Chinese growth and development (mutual benefit). This becomes particularly evident in the case of terrorism and organized crime. Attending the Conference on Interaction and Confidence Building Measures in Asia (CICA) in May 2014, the Chinese president Xi Jinping urged “zero tolerance” toward terrorism, extremism, and separatism, and also referred to the menace to the whole of Asia of organized crime and environmental disasters (*Economic Times* 2014). While these statements demonstrate the importance China places on nontraditional security threats, nontraditional security issues have hitherto not received distinct recognition in Chinese security and defense strategy. The means of statecraft to cope with nontraditional security are subsumed in comprehensive national power (CNP) (US Office of the Secretary of Defence 2007). CNP is calculated according to a series of indices that consist of military, economic, and political factors (Xuetong 2006).

Given China’s somewhat ambiguous handling of nontraditional security issues, and the priority status the EU attributes to those aspects, what actual EU-China cooperation is taking place in this field and in a multilateral context? To explore this question, four specific nontraditional security aspects of EU-China cooperation are examined in the following section, namely, terrorism, organized crime, cybercrime, and migration concerns.

EU-China Cooperation on Nontraditional Security Issues

Counterterrorism

In a number of statements such as the EU Counterterrorism Strategy and by accepting the 2005 Council of Europe’s Convention on the Prevention of Terrorism, the EU has identified terrorism as a key threat to international security and has signaled its willingness to collaborate with other countries in counterterrorist activities. China has made similar commitments to international and regional cooperation in the fight against terrorism. It participates in all instruments of the United Nations (UN) and the International Atomic Energy Agency with regard to the prevention and suppression of terrorism, and in some conventions and protocols of the International Civil Aviation Organization (ICAO) and of the International Maritime Organization (IMO), which relate to terrorism. In terms of regional cooperation, China has focused on working with other members of the Shanghai Cooperation Organization (SCO) to prevent and fight terrorism. It signed and ratified the 2001 Shanghai Convention against Terrorism, Separatism and Extremism, and signed the 2009 Convention of the Shanghai Cooperation Organization against Terrorism. However, it has not agreed to related efforts of the South Asian Association for Regional Cooperation (SAARC) to combat terrorism. What is more, after the events of September 11, 2001 (9/11), Beijing increased its collaboration with the United States in the frame of the war against terror. That is apparent in a number of high-level Sino-American communications

just after the attack and by the later establishment of a Federal Bureau of Investigation (FBI) office in Beijing (Garver 2002; Pollack 2003).

As Holmes (2014) notes, European and Chinese acceptance of the International Convention for the Suppression of Terrorist Bombings and of the International Convention for the Suppression of Terrorist Financing varies. Regarding the Terrorist Bombing Convention, China acceded in 2001, with reservations toward Article 20, Paragraph 1 of the Convention. Most EU member states have signed and ratified or acceded to the convention.⁴ With regard to the Terrorist Financing Convention, China has signed and ratified the treaty, with reservations on Article 24, Paragraph 1. All EU countries have signed and ratified the convention, but Belgium, Croatia, Denmark, Estonia, France, Latvia, Lithuania, Luxembourg, Netherlands, Romania and the United Kingdom have signed and ratified with declarations, reservations, and objections to statements made by other international parties to the convention (UN Treaty Collection 2014b).

The EU and China were both present at the UN Ad Hoc Committee Negotiating Comprehensive Anti-terrorism Convention. In the committee's sessions in April 2013, the Chinese representative emphasized that the fight against transnational terrorism should comply with national sovereignty and territorial integrity (United Nations 2013), hence implying that China will not consent to counterterrorist activities that impinge on the principle of sovereignty. Further, the EU and China meet regularly in the frame of the Group of Twenty (G20), which agreed on an action plan on terrorist financing after 9/11 (adopted in November 2001).

Both the EU and China have supported the regional counterterrorist initiatives of the ASEAN Regional Forum (ARF). Both supported the forum's Statement on Cooperative Counter-terrorist Action on Border Security, thus agreeing to work together on border security and transnational terrorism, exchange information and best practices, and assist the ARF countries that are unable to tackle border security (ARF 2003). The ARF members renewed these commitments with the 2010 Hanoi Plan of Action to Implement the ARF Vision Statement (ARF 2010). More recently, the 2013 Summary Report of the Eleventh ARF Inter-Sessional Meeting on Counter-Terrorism and Transnational Crime positively praised the establishment of an EU Chemical, Biological, Radiological and Nuclear Warfare (CBRN) Centre of Excellence for Southeast Asia. What is more, the Asia Europe Meeting (ASEM), of which the EU member states, the European External Action Service (EEAS) and China are all members, issued the 2002 Copenhagen Declaration on Cooperation against International Terrorism and adopted the ASEM Copenhagen Cooperation Programme on Fighting International Terrorism, which recognizes the importance of multilateral cooperation within the UN for fighting terrorism (ASEM 2002).

Although the EU and China have made progress in their approach to counterterrorism, differences remain, not the least over their views on the question of the Uighurs.⁵ This situation leads Bossong to conclude that “cooperation on terrorism between the EU and China is arguably the most limited in comparison to other strategic partners of the EU, such as India” (Bossong 2014). Even though the annual EU-China sectoral dialogues cover a large gamut of different topics (e.g., education and culture), there is no exclusive dialogue on counterterrorism. The topic thus falls in the broader political dialogue on security and defense. The above analysis infers that the EU and China are open to collaboration on counterterrorism occurring in international and regional fora. However, there were not many practical examples by the end of 2014 to demonstrate that the two countries’ willingness to cooperate has already translated into EU-China projects against terrorism.

Fight against Organized Crime

China and the EU have both signed and ratified the UN Convention against Transnational Organized Crime, which registers the commitment of signatory countries to work together against trafficking in persons, drug trafficking, and the smuggling of migrants, firearms, and so on (UNODC undated).⁶ The two partners can also address concerns exclusively on corruption through the Anti-Corruption Working Group of the G20 (G20 2014). Last but not least, European police authorities can exchange information with their Chinese counterparts through Interpol even more since Europol has signed a bilateral cooperation agreement with Interpol.

Regionally, the 2002 ASEAN-China Joint Declaration on Nontraditional Security dovetails with the ASEAN and China Cooperative Operations in Response to Dangerous Drugs (ACCORD) (Marquina and Caballero-Anthony 2008: 263). The second involves the SCO, which adopted the Agreement on cooperation against illegal transportation of narcotic drugs, mind-altering drugs, and their component materials (Xia 2009: 57). Turning to regional organizations in which the EU and China are both members, the ARF holds regular intersessional meetings on counterterrorism and transnational crime in which the two sides can collaborate and exchange ideas about the fight against organized crime. In fact, China cochaired with Brunei the ARF Intersessional Support Group on Confidence-Building Measures and Preventive Diplomacy, which met in November 2012 and April 2013 (ARF 2013). In addition, the ASEM Ninth Summit in 2012 renewed the members’ willingness to cooperate against organized crime and applauded ASEAN efforts against drug trafficking and trafficking in persons (ASEM 2012).

Despite declarations, such as in the EU-China 2020 Strategic Agenda, to reduce or eliminate a host of criminal activities, little progress has been made

toward intensified collaboration between Chinese and EU agencies such as Europol and Frontex (Holmes 2014). To the extent to which cooperation exists, it is confined to bilateral links between Chinese authorities and their counterparts in major European countries such as the United Kingdom and Germany. This point is also confirmed by looking at the regular dialogues between the EU and China. There is neither a ministerial nor a sectoral dialogue between the two parties that focuses on the fight against organized crime (ESPO 2013).

Cybersecurity⁷

There is no binding treaty at the global level for the fight against cybercrime. The UN Office on Drugs and Crime has established an open-ended intergovernmental expert group with the participation, among others, of China, the EU and its member states, Europol, and Interpol, in order to foster international discussions on cybersecurity and on the fight against cybercrime. The meeting of the group in 2013 concluded with a draft of a Comprehensive Study on Cybercrime, which emphasized how diverse the opinions of the countries are regarding the definition of cybercrime as well as the methods for confronting it (UNODC 2013). The study pushed for the adoption of common standards on the “criminalization of core cybercrime acts,” “investigative powers for electronic evidence,” and “jurisdiction in cybercrime criminal matters.” It also referred to the need for a comprehensive multilateral instrument against cybercrime and of corresponding international and regional partnerships (Ibid.: xiii–xv).

The lack of an existing global institutional framework delineating the fight against cybercrime has forced nation-states to turn to regional initiatives. The EU countries have supported the Budapest Convention on Cybercrime adopted in the context of the Council of Europe. The latter sets common definitions and places particular emphasis on forms of cybercrime that violate basic human, social, and political rights. It thus suggests measures against cybercrime related to data privacy, forgery, fraud, child pornography, and intellectual property rights. The Convention entails a first effort to create a common framework of sanctions against cybercrime for the participatory countries (CoE 2001). All EU member states have signed the Budapest Convention, and the vast majority of them have also ratified the Treaty (CoE 2014).⁸ It should be noted that the Budapest Convention is open for accession to countries that are not members of the Council of Europe. However, China has not expressed any explicit interest in joining the Convention (Christou 2014).

More recently, the EU adopted its own Cybersecurity Strategy for “an open, safe, and secure cyberspace.” The Strategy stresses that fundamental

European norms and values will be respected in the pursuit of cybersecurity (e.g., freedom of expression, privacy) (European Commission 2013). Toward the materialization of these objectives, the EU established the European Union Agency for Network and Information Security (ENISA). Besides advising EU institutions, ENISA facilitates the cooperation of EU countries in cybersecurity in practical terms, for example, by promoting the exchange of best practices and by pushing for the organization of pan-European cyberexercises (ENISA 1).

In the last few years, China has made institutional progress in the domain of cybersecurity. The discussions of the Chinese central government around cybersecurity have become more frequent (Christou 2014). To a certain extent, this is because China has been flagged by other nation-states, in particular by the United States, for cyberespionage. In May 2014, Washington accused military officers of the People's Liberation Army (PLA) of hacking data from American companies. Beijing refuted the accusations and retorted with official diplomatic complaints (Kaiman 2014). On the one hand, Washington seems to imply that China uses cyberwarfare to challenge the sovereignty of a rival nation-state. On the other hand, Beijing firmly denies this and treats cybercrime primarily in relation to terrorism. Consequently, the Chinese fears mainly concern forms of cyberterrorism that can target the Chinese state apparatus and the country's critical national infrastructure.

The cooperation of SCO countries on cybersecurity deserves mention. In 2013, the members of the organization met in Uzbekistan and agreed on coordinating the efforts of their national agencies responsible for the fight against cyberterrorism, even aiming at future "transnational standards" and the establishment of a Special Centre that would deal with terrorism, separatism, and extremism, including their connections with cybercrime (Upadhyay 2013).

Despite the differences in the perception of cybersecurity, the EU and China have found common ground for initiating cooperation. Apart from the Dialogue on Information and Communication Technologies Research (operational since 1997), the two partners have established a common platform, the EU-China Task Force on Cyber Issues, since 2012 (ESPO 2013). However, as Christou (2014: 10) reports, the meetings of the Task Force have not made considerable progress due to the different readings the two sides hold of cyberspace and cybersecurity.

Migration

Migratory flows have incrementally anguished the European governments since the end of the Cold War, to the extent that scholars have demarcated migration as a great source of insecurity for the EU (Huysmans 2006). A popular political argument has been that the increasing flow of

immigrants, refugees, and asylum seekers reaching the EU countries from Eastern Europe, the Balkans, the Near East, the Middle East, and North Africa could jeopardize the demographical balance in the EU, aggravating preexisting social problems such as unemployment. Such concerns have led European governments to pool their endeavors in dealing with migration in order to create a secure "Schengenland," in which Europeans can freely move (Walters and Haahr 2005). The institutional platform capturing these efforts is the Common Immigration Policy of the EU. To secure the EU borders, the European countries established the European Agency for the Management of External Borders (Frontex), with special attention to the Eastern and Southern frontiers of the EU, and inaugurated the European border surveillance system (Eurosur). Eurosur consists of an electronic network for data exchange between the EU capitals and Frontex in order to supervise the immigration corridors in Europe and monitor immigration flows (EUROPA 2008).

The role of Frontex has gained significance during the last years due to the political instability in the Near and Middle East. The Arab Spring resulted in massive numbers of refugees, asylum seekers, and illegal immigrants, putting disproportional pressure on the southern borders of the EU, particularly anguishing member states such as Italy and Greece (Koff 2014).⁹ Images of Libyan immigrants trying to reach Italian isles or of Syrian refugees floating around the Aegean Sea have been increasingly mediatized, convincing European audiences that illegal immigration is a security concern.

In contrast to the great significance that immigration has gained for EU security, emigration has become a more prominent social phenomenon for China, especially with the occurrence of a "brain drain" of the educated elites. Data from the Migration and Remittances Factbook 2011 of the World Bank are telling. European countries such as Germany, the United Kingdom, Spain, France, and Italy figure at the top and much higher than Hong Kong (China) on the list of the top destinations for immigrants in the world (World Bank 2011, 1). The comparison between the EU and China is reversed when one looks at the emigration data: China is the fourth-ranked emigration country in the world (8.3 million emigrants), whereas the United Kingdom is eighth (4.7 million emigrants), and Germany and Italy rank much lower, with 3.5 million emigrants each. Moreover, the emigration corridors China-Hong Kong (China) and China-United States are some of the most populous (2.2 million and 1.7 million each) (Ibid.: 3–6).

The above statistics validate points articulated by Chou and Van Dongen (2014), who question to what extent migration has become a securitized issue for China. According to these authors, Beijing may indeed perceive border control as a matter of territorial integrity and national sovereignty, a problem of a domestic nature that can be handled, for example, by increasing

the policing of frontiers (*Ibid.*). However, Chinese policymakers are much more concerned by the emigration of the most qualified Chinese, which in the long run could jeopardize China's peaceful—economic—development. Again, China understands the “brain drain” as a problem to be handled internally (*Ibid.*) and without external interference.

The prioritization of immigration in the EU and of emigration in China means that the two sides enter diplomatic fora with a different focus on migration as a security question. Interestingly, neither the EU member states nor China have signed or ratified the International Migration Convention of the United Nations (UNESCO undated), which has been supported by the developing and least developed countries. A different picture is presented in the International Organization for Migration (IOM), in which the EU countries are full members, while China is an observer. The observer status does not allow China to fully participate in the works of the governing bodies of the IOM (e.g., the Council), hence limiting the opportunities for Beijing to work with other nation-states on migration issues.

Despite the difference in priorities, both the EU and China show a political willingness to discuss the securitization of migration. The EU-China Strategic Agenda 2020 certifies the readiness of both to cooperate against illegal immigration and trafficking in human beings (EEAS 2013a). This has so far translated in the institutionalization of a High Level Dialogue on Migration and Mobility, with the participation of the European Commission (DG Home Affairs) and of the Chinese Ministries of Foreign Affairs and of Public Security (ESPO 2013). The Dialogue met for the first time in 2013 and, even though it did not conclude with specific measures on migration, the two sides discussed concrete topics such as “visa cooperation on exchange of persons” and “irregular migration including trafficking in human beings” (EEAS 2013b).

Conclusion

Nontraditional security has become a mainstay of European external policy. Under the flag of effective multilateralism, the European countries have tried to push other nation-states, particularly in the UN context, to cooperate in order to collectively face nontraditional security challenges. While the concept of nontraditional security has penetrated Chinese thinking and gained prominence in the official declarations of Chinese statesmen, it is less developed and given far less weight than in European thinking (Wong forthcoming).

How have these differences affected EU-China cooperation on nontraditional security in the frame of global governance? Starting with counterterrorism, the EU and China have seen the UN as the key forum for passing international legislation against terrorism. Arguably, the London and

Madrid bombings (for Europe) and the rise of extremism in Northwestern China have raised international terrorism as a common concern in the eyes of the two partners. However, the proposed counterterrorist tools vary. EU member states have emphasized the prevention of terrorism, whereas China has declared “zero tolerance” toward terrorism, including unrest in Chinese territory. EU-China cooperation against organized crime seems less developed than against counterterrorism. The two sides prefer to tackle organized crime more at a regional rather than at a global level. In similar terms, the EU prefers to deal with cybersecurity within the Council of Europe, and China within the context of the SCO.¹⁰ Even though the EU focuses on individuals and criminal groups and China primarily refers to other nation-states as challengers of cybersecurity, the EU and China have managed to institutionalize their collaboration by establishing the EU-China Cyber Task Force. Such institutionalization, though, has not so far resulted in concrete joint projects. In similar terms, the EU-China Dialogue on Mobility and Migration may indicate the political willingness of the two partners to work together to address migration concerns (illegal immigration, trafficking in human beings, brain drainage due to disproportionate emigration), yet at the time of writing their commitment has not translated into concrete actions.

As can be seen from the review of the four nontraditional security issues, it is difficult to say that EU-China cooperation is more successful in some areas than in others. Overall, the perception is that both partners have the political will to cooperate more closely on these matters and to heighten their relevance in their respective multilateral and regional campaigns. However, different perceptions and priorities render it more difficult to turn political declarations into concrete measures against nontraditional security threats. There are, though, indications that China has started to adopt a less rigid line on the principles of sovereignty and noninterference in its external relations (Heilmann and Schmidt 2014). Such developments will help promote Sino-European cooperation on nontraditional security. But there is still a long way to go before EU-China collective efforts in this field can be consistently and effectively translated into promoting global governance.

Notes

1. Justification for the selection of these four nontraditional security aspects derives from the explicit reference that Chinese official documents make to these aspects and from the fact that they are identified in the EU's Security Strategy (ESS) of 2003, the ESS Implementation Report adopted in 2008, and other EU strategic documents related to security.
2. It should be noted that Western Europe had a spate of terrorist activities already in the 1970s, for example, the Baader-Meinhof group in Germany, the Brigade Rose in Italy, ETA in Spain, the IRA in the UK.

3. Various characteristics have been associated with the EU's emphasis on sovereignty sharing, multilateralism such as "normative Europe" or a "force for good" (Manners 2002) and post-Westphalian international order (Pentland 2000; Caporaso 1996; Kirchner and Sperling 2007).
4. A number of EU member states have signed and ratified the convention with declarations. For example, Germany on "military forces of the state," the Netherlands on "competent judicial authorities," Portugal on "extradition of Portuguese nationals from its territory," and Spain on "terrorism being a universally prosecutable crime where Spanish courts have international jurisdiction" (UN Treaty Collection 2014a).
5. China envisages the Uighur movements as extremist, and has labeled some of them as terrorist groups endangering the territorial integrity of China. In the name of human rights protection, the European countries have renounced the exercise of violence in the Xinjiang province, whether this comes from radical elements of the Uighur population or from the Chinese government. Hence, Europe has diplomatically pushed China on the protection of human rights and fundamental freedoms in the area. Abiding by the principle of non-intervention, the argument of the Chinese government is that this is a domestic issue and as such the legitimate responsible entity for dealing with it is the Chinese government, which has to ensure that the domestic order prevails.
6. This happens mainly through the regular Conferences of the Parties to the Convention. Both EU (member states and EU representative) and China attended the 2012 Conference.
7. Grauman (2012) has defined cyber security as actions taken against cybercrime (which can include the notions of cyber-fraud and cyber-terrorism), cyber-espionage and cyber-warfare. As this book chapter envisages cyber security as primarily a nontraditional security question, the section concentrates on cyber-crime and, to a lesser extent, on cyber-espionage and cyber-warfare.
8. With the exceptions of Greece, Ireland, Luxembourg, Poland and Sweden.
9. Recent events in EU politics confirm this point. For example, it is not accidental that the portfolio of immigration in the EU Commission 2014–2019 has been given to the Greek Commissioner.
10. The fact that Russia is a member state of both regional organizations does not contradict the point made here. Although member of the Council of Europe, the Russian Federation is not a party of the Budapest Convention on Cybercrime. Like China, Russia has opted to work with other members of the Shanghai Cooperation Organisation to deal with cyber-threats in a distinct way.

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CHAPTER ELEVEN

CONFRONTING THE CLIMATE CHALLENGE: CONVERGENCE AND DIVERGENCE BETWEEN THE EU AND CHINA

Bo Yan and Diarmuid Torney

Introduction

Global climate change poses observed impacts and future risks to the international community and is one of the major issues on the agenda of global governance. In order to reduce and manage the impacts and risks related to climate change, international efforts over the last two decades have seen the evolution of global climate change governance. While a diverse range of fora have taken up the issue of climate change since 2007, the climate change regime within the United Nations (UN) system is recognized as the leading institutional arrangement of global climate governance, with the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol as the legal basis. Tough negotiations continue toward a possible new global climate change agreement reached at the end of 2015.

The European Union (EU)¹ and China are two key players in global climate change governance, in terms of their huge contributions to, and their significant influence on, solving the problem. Over the past two decades, the roles of China and the EU in global climate governance have changed in important ways, and they have formed both cooperative and competitive relations in this field at global and bilateral levels. While the EU has been a crucial actor in global climate change governance for over a decade and has positioned itself as the leader, China's rising role only fully emerged at the 2009 Copenhagen Climate Change Conference. The experience of the Copenhagen Conference and thereafter indicates that the EU's claim of being a "leader" in global climate governance has been confronted with the visions that other actors hold on this subject, and which clash with the predominant European vision. Among these other actors, China is surely

one of the most challenging, given its weight in world affairs as well as its strong stance during the climate change negotiations (Bo, Romano, and Chen 2013: 198–199). The EU's and China's divergent approaches to these negotiations, including with respect to the principle of “common but differentiated responsibilities and respective capabilities” (CBDRRC) are likely to have a significant bearing on the outcome of the negotiations with a goal to finalizing a new agreement by 2015.

This chapter examines convergence and divergence between the EU and China in the area of global climate governance. First, it traces the evolution of global climate governance and the roles of the EU and China, as well as their bilateral relations on climate change. Second, it contrasts the EU's and China's respective approaches to the global climate change negotiations, which are characterized by significant differences, especially on how each has interpreted and applied the principle of CBDRRC, and how each has sought to build coalitions within the climate change negotiations. Third, it builds on the preceding analysis to reflect on the ongoing international negotiations on a new global climate change agreement.

The Evolution of Global Climate Governance and the Roles of the EU and China

The climate change regime has developed over the course of more than 20 years of intergovernmental negotiations. The UNFCCC, agreed in 1992, entered into force in 1994 following ratification by 50 countries as required by the Convention. The UNFCCC set an overall aim “to achieve...stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system” (Article 2, UNFCCC). The Convention set a nonbinding aim of stabilizing global emissions at 1990 levels by the year 2000.

However, it became clear quickly that the Convention's voluntary target would not be met. In response, subsequent negotiations agreed the Kyoto Protocol in 1997, which set binding emission reduction or limitation targets relative to 1990 levels for all Annex I (developed and transition) countries, and did not set emissions targets for developing countries. However, it was not until 2005 that the Kyoto Protocol actually entered into force, due to a requirement in the Protocol that, in order for it to enter into force, it must be ratified by at least 55 countries, and by Annex I countries representing at least 55 percent of total Annex I country emissions in 1990. This occurred when Russia ratified the Protocol in late 2004, paving the way for its entry into force in 2005.

From 2005 onward, attention turned to negotiating a climate regime for the period beyond 2012, the end of the “first commitment period”

of the Kyoto Protocol. These negotiations were given a political deadline of December 2009, when world leaders met at the Copenhagen Climate Change Conference. In the period since Copenhagen, attention has shifted to a possible climate agreement for the period beyond 2015. At COP-17 (the seventeenth Conference of the Parties) in Durban, the parties agreed to launch a new negotiating track under the heading Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP), tasked with negotiating a new post-2015 climate agreement (UNFCCC 2012). The history of the global climate change regime has therefore been one of slow, incremental development. North-South divisions have characterized the global politics of climate change since the beginning of international negotiations in the early 1990s.

The Role of the EU

The EU has for a long period presented itself as a leading actor with respect to climate governance at the domestic and global levels, and a substantial literature has developed seeking to analyze and assess the domestic sources of EU leadership in this area (Gupta and Grubb 2000; Oberthür and Roche Kelly 2008; Schreurs and Tiberghien 2007; Wurzel and Connelly 2010). The origins of the EU's role in this area of world politics can be traced to the late 1980s and early 1990s when, against a backdrop of growing international political attention, climate change came to be viewed by European policy entrepreneurs as a means of deepening European integration and building a distinctive role for the EU in world politics. The Dublin European Council in June 1990 stated that "[t]he Community and its Member States have a special responsibility to encourage and participate in international action to combat global environmental problems. Their capacity to provide leadership in this field is enormous" (European Council 1990: 27). During the 1990s, the EU and its member states played central roles in the negotiation of the UNFCCC and the Kyoto Protocol. However, these lofty intentions did not translate into concrete action, and the development of European foreign climate policy was hamstrung by a low level of prioritization along with significant divisions among member states.

The decision by US president George W. Bush in 2001 to withdraw from the Kyoto Protocol strengthened the argument for developing a distinctive role for the EU in world affairs by creating a means through which the EU could differentiate itself from the United States. "Saving" the Kyoto Protocol became not just an environmental goal but also a key goal of an emergent EU foreign policy by heightening European identification with the Kyoto Protocol. The Gothenburg European Council in June 2001 took the decision to proceed with ratification of, and support for, the Kyoto

Protocol in the absence of US support (European Council 2001). In the following years, the EU focused on securing entry into force of the Protocol and, in one of its most notable foreign policy achievements on climate change, managed to secure Russian ratification of the Protocol by linking this to support for Russian accession to the World Trade Organization (WTO) (Damro 2006).

EU internal climate policies were also strengthened during the 2000s. A range of EU legislation was adopted in the early years of the decade, the centerpiece among which was the EU Emissions Trading Scheme (EU-ETS). Enacted in 2003, the EU-ETS Directive set caps on the emissions of large installations accounting for approximately 40 percent of total EU emissions (Oberthür and Dupont 2010: 81). The second half of the 2000s saw a further deepening of EU climate policies. At the March 2007 European Council, EU leaders agreed to a set of targets for the period to 2020, including the headline goal of a 20 percent reduction in greenhouse gas emissions by 2020 (relative to 1990 levels), to be raised to 30 percent in the context of a global agreement (European Council 2007). In early 2009, the EU agreed on a “climate and energy package,” which gave effect to the 2007 targets. This package included a new decision on “effort-sharing” between member states, a revised Emissions Trading Directive covering the period 2013–2020, a renewable energy directive that included binding national targets, and a directive on carbon capture and storage.

During the second half of the 2000s, climate change occupied an increasingly prominent position in world politics, culminating in the Copenhagen Climate Change Conference in December 2009. However, the EU has faced an increasing diffusion of power with respect to global climate governance. The outcome of the Copenhagen summit and the EU’s apparent marginalization in the final negotiations came as a major disappointment to many European policymakers. This was partly a reflection of important changes in the external context. Shifts of power that have been accelerated by the global financial crisis since 2008 are resulting in a decline in the relative power of the EU, both in world politics generally and in the particular context of the international climate negotiations (Oberthür 2011). While the EU-28 accounted for 18.9 percent of global greenhouse gas emissions in 1990, the year the UN climate change negotiations were launched, by 2013 the EU’s share had declined to just 10.5 percent (Olivier et al. 2014). In other words, the EU has become less relevant to the problem of climate change than it was two or even one decade(s) earlier. On top of this, the attention of European leaders from 2008 onward turned increasingly to the financial and economic crisis, which came to dominate all else, as policymakers struggled at times to prevent the fragmentation of the single currency.

In January 2014, the European Commission published a proposal for an EU climate and energy policy framework for the period beyond 2020. The Commission's long-awaited proposal advocated a binding 40 percent greenhouse gas reduction target relative to 1990 levels to be achieved through domestic measures, and a 27 percent EU-wide target for renewable energy. No target was proposed for energy efficiency, pending a review of the current EU Energy Efficiency Directive in mid-2014. The Commission's proposal was framed as the EU's contribution to the post-2015 global negotiations, and climate-progressive member states hoped that agreement on the headline targets could be reached among EU heads of state quickly. Following extensive negotiations throughout 2014, the October European Council agreed on the principal elements of a 2030 climate and energy framework. These included a GHG target of "at least" 40 percent domestic reduction relative to 1990 levels; a renewable energy target of 27 percent, binding only at the EU level; and an "indicative" energy efficiency target of 27 percent (European Council 2014: 1, 5).

The Role of China

China participated in international climate negotiations leading to the adoption of UNFCCC as a typical developing country from the outset. With top priorities of poverty eradication and economic development, China began to hammer out its negotiating position in 1991 in the international arena on climate change, emphasizing the principles of "common but differentiated responsibility," fairness and sovereignty, "the appropriate level of economic development" and energy consumption in developing countries, and developed countries' fund and technology transfer to developing countries (Group 4, The National Climate Change Coordination Committee 1995). Although China played important roles in establishing the principles of the Convention, especially the principle of CBDRRC together with the Group of 77 (G77), China tended neither to oppose nor to overemphasize the binding target for developed countries to limit greenhouse gases proposed by the EU to be included in the Convention. However, China firmly rejected any specific target of limiting greenhouse gas emissions for developing countries. On the whole, China was an insignificant player from the point of view of developed countries in the early 1990s. In the period leading to the Kyoto Protocol in late 1990s, while the United States favored a consideration of new commitments for developing countries, China raised the issue of the poor performance of Annex I Parties in meeting existing commitments, and made explicit that "it is impossible" for the country "to fulfil the duty of reducing greenhouse gases" before it "becomes a medium-developed country" (IISD 1997: 2).

As a party to both the UNFCCC and the Kyoto Protocol, China has not taken on international binding commitments to reduce emissions, but has assumed some responsibilities. To implement them, China released its Initial National Communication on Climate Change in 2004 and participated actively in the Clean Development Mechanism, which is one of the so-called “flexible mechanisms” under the Kyoto Protocol. China also adopted “climate-relevant” policies prior to 2007 with the priorities of adjusting economic structure, enhancing energy efficiency, and balancing the energy structure, while integrating the objective of addressing climate change. Since 2007, China has begun to set specialized policies and measures of addressing climate change. In June 2007, the Chinese Government issued its first National Climate Change Policy—China’s National Climate Change Program. This was the People’s Republic of China’s (PRC’s) first major initiative to combat climate change with clear policy measures at the domestic level, and was then supplemented by a number of more technical policy documents. China for the first time established its specialized strategies, programs, and policies to address climate change.

China became the second-largest emitter in the world in 2002, and the largest annual emitter of carbon dioxide related to energy in 2006. Meanwhile, China’s economy has achieved continual growth and became one of the largest economies in the world. As a major emitter and economy, China became an eye-catching player around the international negotiation table and began to face increasing pressure to take on new international commitments starting in 2007. China’s rising role in global climate negotiations fully emerged at the 2009 Copenhagen Climate Change Conference at which, supported by the other BASIC countries (India, Brazil, and South Africa), China cut a modest deal with the United States. This agreement, known as the “Copenhagen Accord,” became the only reachable outcome from the high-profile and long-awaited conference. The Accord, seen by the European countries as a minimalist one, was finalized without European participation, but European countries had to endorse it reluctantly. While China began to play more crucial roles in international climate negotiations, it was also more controversial and accused of being a “wrecker” of the Copenhagen Conference due to its rejection of a global target of emissions reduction in the long term as proposed by the Group of Eight (G8) (Miliband 2009).

Meanwhile, China began to set a legally binding target of reducing carbon emissions at the domestic level. In 2009, China announced that it would voluntarily reduce its carbon dioxide emission per unit of gross domestic product (GDP) in 2020 by 40 percent to 45 percent compared with the 2005 level. Although it is not a target ambitious enough in the eyes of the EU and other developed countries, it is the first time for China to set

a domestic legally binding target for reducing carbon dioxide. To achieve the target, the twelfth five-year plan for national economic and social development (2011–2015) included a target of reducing carbon intensity. That is, the carbon dioxide per unit of GDP will be reduced by 17 percent from 2011 to 2015. Significantly, there was no such target in the eleventh five-year plan. Furthermore, quotas have also been established for all provinces. Moreover, China announced in 2014 that it set a target for its greenhouse gas output to peak “around 2030” and a goal to increase the share of non-fossil fuels in primary energy consumption to around 20 percent by 2030. It was the first time China agreed to an approximate target date for emissions to peak.

Development of the EU-China Climate Change Relationship

Notwithstanding the differences that have characterized the approaches of the EU and China to global climate governance, over the period since 2005 both sides have sought to develop dialogue and cooperation in the area of climate change policy. This has taken place primarily within the framework of the EU-China Partnership on Climate Change, agreed at the 2005 EU-China Summit (European Commission 2005b). Within this framework, the EU and China have sought to develop cooperation through the creation of institutionalized dialogue as well as cooperation projects in areas such as the Clean Development Mechanism, province-level low-carbon development planning, and, more recently, the development of emissions trading in China. During this period, climate change also featured increasingly prominently in the joint statements following successive EU-China summits.

A “Bilateral Consultation Mechanism” was established under the Partnership on Climate Change to ensure regular follow-up, twice per year at the senior official level, but now meets annually. It typically includes discussion of domestic policy developments on each side, a review of bilateral cooperation, and discussion of the ongoing international climate change negotiations. This policy dialogue was upgraded in April 2010 to the ministerial level, and was inaugurated by a meeting of the European Commissioner for Climate Action, Connie Hedegaard, and Xie Zhenhua, the vice chairman of China’s National Development and Reform Commission. They also agreed to establish a so-called Climate Change Hotline at the ministerial level “to facilitate an expedited exchange of views and sharing of information on new developments related to climate change” (European Commission 2010). In practical terms, cooperation has focused on a range of areas, including the Clean Development Mechanism, renewable energy, and carbon capture and storage. Sustainable urbanization has also been

developed as a central element of EU-China cooperation, with the 2012 EU-China Summit launching a “China-EU Partnership on Sustainable Urbanization.” Cooperation has also developed in recent years in the area of emissions trading, with the EU providing support and expertise to the Chinese government to develop its pilot emissions trading schemes at the provincial and city levels (Torney and Biedenkopf 2014).

The EU-China relationship was strained by a trade dispute relating to China’s solar panel industry in 2013, the largest-ever trade dispute between the two countries. A resolution to this dispute was agreed in June 2013, and at the EU-China summit in November of that year the two sides agreed on a new “EU-China 2020 Strategic Agenda for Cooperation” (European Union and Government of the People’s Republic of China 2013). One of the document’s four thematic areas was sustainable development, which identified green growth as key to strategic and practical cooperation.

Contrasting Approaches to Global Climate Governance

It is clear from the analysis above that China and the EU have taken different approaches to global climate governance. Notwithstanding the development of bilateral cooperation, their respective approaches to the global climate change negotiations have been characterized by significant differences. At the root of this divergence is their respective approach to questions of equity and differentiation. This section discusses how each has defined and operationalized the principle of CBDRRC, and how each has sought to build coalitions within the climate change negotiations.

The European Approach

The EU has always understood CBDRRC to entail that, in the early years of the climate regime, developing countries would not be required to accept binding limits on their carbon emissions, but that in the long term they would eventually be required to do so. In fact, on a small number of occasions in earlier phases of the UNFCCC negotiations, the EU sought to raise the question of developing country mitigation commitments, though these tended to be isolated instances rather than a sustained position adopted at successive negotiating sessions.

In 1994, in advance of COP-1, Germany, supported by the EU, called for “commitments to limit the rise in emissions in the case of certain more advanced developing countries” in the period beyond 2000 (UNFCCC 1994). However, the German proposal was strongly resisted by India, with support from China and other developing countries. Faced with this opposition, Germany, along with the rest of the EU, subsequently agreed to

withdraw their proposal and clarified that they would not require developing country commitments to be on the agenda of Protocol negotiations (Oberthür and Ott 1999: 46). Subsequently, the "Berlin Mandate," the outcome document from COP-1 that set in course negotiations that led to the Kyoto Protocol, agreed to "[n]ot introduce any new commitments for Parties not included in Annex I."

The EU again sought to raise the issue of developing country mitigation commitments in the early 2000s. During the preparations for COP-8 in New Delhi in 2002, the EU submitted a statement of concern calling on all countries to engage in a common dialogue with a view to further action consistent with the Convention and with the Third Assessment Report of the Intergovernmental Panel on Climate Change. Noting views from across the board in support of new commitments for developing countries, the EU stressed that the world was not "divided into two" (IISD 2002). However, once again the EU faced strong resistance from India, supported by China and many other developing countries, and the "New Delhi Declaration on Climate Change and Sustainable Development," which was agreed at COP-8, did not call for a dialogue on broadening commitments, contrary to EU wishes (IISD 2002).

However, from the mid-2000s onward, the EU became more vocal in advocating that large developing countries with rapidly growing emissions should be required to accept emissions limitation commitments. In January 2005, the European Commission proposed the broad parameters of an EU strategy for negotiations on a post-2012 climate regime that would be launched at COP-11 later that year. In doing so, the Commission flagged "broadening international participation," including by large developing countries, as a key EU goal for the forthcoming negotiations and noted that developing countries' share of global emissions would rise to more than 50 percent in the coming decades (European Commission 2005a).

The March 2007 European Council agreed the EU's climate and energy targets for 2020. In doing so, it highlighted the increasing share of global emissions from developing countries and "the need for these countries to address the increase in these emissions by reducing the emission intensity of their economic development, in line with the general principle of common but differentiated responsibilities and respective capabilities" (European Council 2007: 13). In preparation for COP-14 in Poznań, Poland, the EU specified the actions it expected from developing countries as part of a post-2012 agreement. The EU advocated that global emissions should peak by 2020 and be reduced by 50 percent relative to 1990 levels by 2050. Within this framework, the EU stipulated that industrialized countries should reduce their emissions by 25 percent to 40 percent below 1990 levels by 2020, and by 80 percent to 95 percent by 2050. On the issue of developing

country commitments, the EU position was that “developing countries as a group, in particular the most advanced among them, would have to reduce their emissions by 15 to 30% below business as usual” (Council of the European Union 2008: 6).

In seeking to build support for its position, the EU and its member states have sought to engage with different groups of states. From the mid-2000s onward, one element of the EU strategy was to reach out directly to large developing countries, including China, but also India, Brazil, and South Africa, among others. As well as seeking to build bilateral relations with these countries, the UK and German governments also made outreach to these countries a key element of their respective presidencies of the G8 in 2005 and 2007. During its G8 presidency in 2005, the UK Government launched the “Gleneagles Dialogue on Climate Change, Clean Energy and Sustainable Development” involving the G8 countries as well as a range of other states, including China and India, which met at the ministerial level a number of times in the following years. For its part, the German government carried forward the work initiated by the UK G8 presidency at the 2007 G8 Summit held in Heiligendamm. At this Summit, the German presidency launched the “Heiligendamm Process,” a two-year dialogue process among the G8 and Outreach Five countries that focused on reducing CO₂ emissions through improving energy efficiency and promoting technology cooperation, among other issues (Federal Government of Germany 2007).

However, following on from the Copenhagen summit in 2009, the EU began to develop an alternative approach to climate diplomacy in which, rather than seeking to work directly with the BASIC countries, it sought instead to build informal alliances with like-minded countries. The most significant example of this strategy has been the involvement of the European Commission and a number of member states in the “Cartagena Dialogue for Progressive Action.” This is a group of 30 states seeking to develop a common vision and strategy for global climate action.² The Cartagena Dialogue is not a formal negotiating group within the UNFCCC process, but rather an informal grouping of countries that cuts across traditional North-South divides in the climate change negotiations. By working through this and other forums, the EU has been able to build and support coalitions of countries seeking an ambitious post-2015 global climate agreement.

The Chinese Approach

China stresses fair distribution of the responsibilities for climate change between developed and developing countries and the role of principles in guiding the establishment and development of global climate change regime.

In the early period of international climate negotiations, China made great efforts to push forward the establishment of principles. In January 1991, right before the intergovernmental negotiations on climate change, China proposed the "Draft Provisions of International Convention on Climate Change," suggesting under the heading of "Principles" that "Climate change is a common concern of humankind and States have common but differentiated responsibilities in the fight against climate change" (Secretariat of China's Environment Protection Committee of the State Council 1995: 265). China reiterated the principles of addressing climate change in the next several meetings of the Intergovernmental Negotiating Committee. The principle of CBDRRC was finally stipulated as a compromise between developing and developed countries in 1992, but was mainly indicative of developing countries' concerns regarding international climate diplomacy.

China's respect for and insistence on the principles of the UNFCCC has continued to be one of the central features of its involvement in the transformation of the global climate change regime since 2009. China emphasizes continuously that the principle of CBDRRC should be respected by any future global framework addressing climate change. The principle has been the most frequent term in China's climate diplomacy discourse, and defending the principle has become one of the key goals of China's involvement in the global climate regime in recent years. In fact, China's nonnegotiable standpoint of respect for and the application of the principles of the Convention, especially the principle of CBDRRC, is simply another case of her style of institutional diplomacy, which can also be seen in a range of other issue areas, including world trade and international security. To further exemplify, China has engaged in the reform of global economic regimes based on the WTO Doha Round negotiations and the G20 Process, and has advocated that the global economic governance regimes should be moderately adjusted under the condition that their basic principles would not be changed (Liu 2012: 14–28).

Moreover, China maintains that international climate negotiations in the future should be based on the CBDRRC principle. In the Doha Climate Change Conference, China, with many developing countries, stressed their opposition to any "rewriting or re-negotiation of Convention's principles," which was opposed by the United States and others, suggesting that the CBDRRC principle should guide the ADP's work (IISD 2012). Xie Zhenhua, head of China's delegation and vice chairman of China's National Development and Reform Committee (NDRC), said in the conference, "We hope that decisions coming out of the Durban Platform negotiation track can respect the principles of equity, common but differentiated responsibilities, and respective capabilities" (Xinhua Agency 2012). China realized that, while no country so far has openly stated that the new agreement should

not adhere to the CBDRRC principle, some countries are making efforts to weaken the principle (Zhou and Yu 2013).

Moreover, China chooses to form loose coalitions with other developing countries with similar positions in international climate negotiations. In the early period of international climate negotiations under the UNFCCC, with the divergences arising mainly between developed and developing camps, China fully participated in the work of the G77³. The G77 and China as a negotiating force took common positions on some proposals and arrived at a consensus on other issues. Due to China's attempt to take a low profile in international negotiations and avoid standing out as a single player, it maintains close coordination with the G77 as a nonmember. China believes that this approach can be used to defend the common interests of China and other developing countries effectively, while keeping China independent and active in multilateral diplomacy (Secretariat of China's Environment Protection Committee of the State Council 1995: 247).

Since 2009, China has gone beyond its previous choice of sticking closely to negotiating only within the G77, and formed a new coalition in the negotiations called BASIC, consisting of China, India, Brazil, and South Africa. As major emitters and economies, and with growing pressure from developed countries to undertake binding commitments, BASIC offered a platform for these emerging countries to push the issues of equity, fairness, and the future of their socioeconomic development (Masters 2012). The first BASIC ministerial meeting was held in Beijing in November 2009, at which discussions set out to coordinate positions ahead of the Copenhagen Climate Change Conference. In Copenhagen, the UNFCCC climate negotiations saw the rise of BASIC as they assumed a leading role in realizing the final outcome of the conference. The Cancun Conference in 2010 was the first time that the BASIC spoke in plenary as a "united negotiating group." The BASIC countries met on 17 different occasions between 2009 and 2013. However, the competing interests among the countries in the coalition have served to undermine the potential of BASIC in the climate change negotiations.

After the ADP was established in Durban in 2011, and due to common concerns and priorities, China formed a new coalition with other developing countries called the "Like-Minded Developing Countries" (LMDCs) in 2012. The LMDC is a platform for like-minded developing countries to exchange views and coordinate positions on the climate negotiations in the UNFCCC to achieve the combined goals "of environmental sustainability, social and economic development and equity" (*China Daily* 2012). Just like the G77 and China, and BASIC, the LMDC hold meetings before each COP to exchange views and assess the outcomes of the COPs and to discuss and assess the way forward since 2012, but their concerns and

priorities are more focused and specific. With respect to the negotiations in the UNFCCC to be undertaken under the ADP, the LMDCs stress that such negotiations shall be guided by and must be consistent with the principles and provisions of the Convention, especially the principles of equity and common but differentiated responsibilities. Furthermore, LMDCs hold that the arrangements for international cooperation on climate change for the post-2020 period must “be consistent with and based on the Convention” and that such arrangements “must continue to follow the structure, provisions and design of the Convention, based on the principles of equity and common but differentiated responsibilities” (LMDCs 2013). Therefore, to defend the principle of CBDRRC is a priority in the LMDCs’ negotiation agenda. With the EU and China holding differing views on the principle of CBDRRC, China and the United States announced their joint statement on Climate Change in November 2014, right before the UN Climate Change Conference in Lima in December 2014. As part of the announcement, China set a target for its greenhouse gas output to peak “around 2030,” and aimed for a goal of increasing the share of nonfossil fuels in primary energy consumption to around 20 percent by 2030. For its part, the United States set a goal to cut emissions of greenhouse gases by 26 percent 28 percent from 2005 levels by 2025 (*China Daily* 2014). The two sides indicated that they are committed to reaching an ambitious 2015 agreement that reflects “the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances,” which China regards as important (*China Daily* 2014). In the United States-China agreement, the phrase “in light of different national circumstances” was added to the CBDRRC principle for the first time, and this new version of the principle was repeated in the “Lima Call for Climate Action,” the outcome of COP-20 in December 2014. It remains to be seen how this revised version of the principle will be interpreted in practice.

Implications for International Climate Negotiations

At the Durban Climate Change Conference in November–December 2011, the Parties agreed to launch the Durban Platform negotiations, which were tasked with agreeing “a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties” (Decision 1/CP.1, in UNFCCC 2012). It is within this framework that the post-2015 negotiations are taking place. These are scheduled to be concluded at COP-21 in Paris in November–December 2015. It is anticipated that the resulting global agreement will enter into force in 2020. As the analysis above shows, the EU and China are approaching these negotiations with strikingly different interpretations of some of the central principles

and norms of global climate governance, with potentially far-reaching consequences for the outcome of these negotiations.

For the EU, the agreement reached in Durban appeared to be a game changer. The phrase “applicable to all Parties” in the ADP text was interpreted by commentators in Europe as meaning that not just developed countries but also large developing countries would be subject to emissions limitation commitments under the 2015 agreement (Harvey and Vidal 2011). In a February 2014 submission to the ADP negotiating process, the EU argued that, under a 2015 agreement, “All Parties should have legally binding mitigation commitments, in accordance with the principles of the Convention applied in a dynamic way, such that commitments are ambitious, fair and reflect the changed and changing responsibilities and capabilities of Parties” (European Union 2014: 2).

The key element of this approach is the notion that principles should be applied in a dynamic way. In other words, the principles of the Convention should not be frozen in time in the early 1990s, but rather should evolve to reflect the changing circumstances of world politics. For the EU, such a position does not in any way entail an abandonment of the principles of the Convention. In the EU’s vision of global climate governance, developed countries should take strong action to reduce their emissions in the short term, along with eventual commitments on the part of developing countries once their emissions and economic development reach a certain level. This can be described as an evolutionary approach in which countries can “graduate” from non-Annex I to Annex I status under certain conditions. In the EU perspective, those conditions began to be met from the mid-2000s onward in the case of a number of rapidly growing developing countries, most prominently China. In 2013, China’s per-capita emissions exceeded, for the first time, the per-capita emissions of the EU-28, strengthening the EU’s calls for a dynamic interpretation of principles of the Convention (Olivier et al. 2014: 49).

For its part, China has taken a very different approach. Since 2011, facing increasing international pressure to take international legally binding commitments in a new global climate change regime, China has stressed that the Convention is the political, legal, and moral basis for international cooperation on climate change after 2020 and hopes that all parties will continue to comply with the Convention principles of equity and CBDRRC, and focus on the pillar elements of the Convention on mitigation, adaptation, finance, and technology to promote formal, balanced, and pragmatic negotiations under the ADP (NDRC 2013). For China, there should be no evolution or dynamic interpretation of those principles.

Meanwhile, China still identifies itself as the biggest developing country, although it has made historic progress in development and became

the second-largest economy in the world in 2010 (Wen 2010; Xi 2014). Moreover, China claims that it is still undergoing the long-term process of industrialization and urbanization, and that economic development remains its top priority and that still needs to work on that basis to achieve social progress in all areas (Xi 2014). China regards it as a great challenge not only to develop its economy, eradicate poverty, and improve people's livelihood but also to actively respond to climate change (NDRC 2013).

In the transformation of the global climate regime, China believes that the EU's proposal of "dynamic" interpretation of the CBDRRC principle may entail the amending of the principle. This would involve amending the current negotiation mechanism and institutional arrangements, and would build a common framework for all major emitters, which would favor developed countries (Yu 2010). At the Durban Climate Change Conference, when the EU suggested addressing the principle of CBDRRC dynamically, China suggested that a "dynamic" interpretation of the principle may entail amendment, and supported India's suggestion that the EU's option should "be based on, and under, the UNFCCC and not involve reinterpretation or amendment of the Convention" (IISD 2011).

In short, the EU and China do not share the same understanding of some of the core elements of the climate change regime. Moreover, not only is there a significant gulf between these two positions, but each has sought to build coalitions around their respective positions. The EU has sought to build common ground with other countries that share its perspective. The European Commission and several member states have worked within the Cartagena Protocol to build momentum for a strong 2015 climate agreement that would include mitigation commitments for all major emitters. In particular, the EU has sought to find common ground with countries that are highly vulnerable to climate impacts, such as least developed countries and small island states, which are at greatest danger from sea level rise. In a similar manner, China has worked within the framework of BASIC and, more recently, LDMC to build support for its position of resisting a dynamic revision of the equity and differentiation concepts.

In this way, the differences between the EU and China on questions of equity and differentiation go to the heart of broader divisions within global climate change governance. It is not clear how or whether these differences can be reconciled, but what does seem clear is that this disagreement will figure prominently on the agenda of the global climate change negotiations on the road to COP-21 in Paris in November–December 2015. Finding a way to bridge the differences illustrated in this chapter will be central to the success or failure of those negotiations and the ability of the countries of the world to find a common approach to combating climate change.

Notes

1. For clarity, this chapter uses the generic term EU to refer to the European Union as well as its institutional predecessors, the European Community and the European Economic Community.
2. The countries involved in the Cartagena Dialogue are: Australia, Bangladesh, Chile, Costa Rica, Denmark, Democratic Republic of Congo, European Commission, France, Gambia, Ghana, Germany, Grenada, Indonesia, Kenya, Lesotho, Malawi, Maldives, Marshall Islands, Mexico, Netherlands, New Zealand, Norway, Panama, Peru, Samoa, South Africa, Spain, Sweden, the United Kingdom, and the United Arab Emirates,
3. The Group of 77 (G-77) is a loose intergovernmental organization grouping the developing countries in the United Nations. It was established on June 15, 1964 in the United Nations Conference on Trade and Development in Geneva. Its aim is to help developing countries "to articulate and promote their collective economic interests and enhance their joint negotiating capacity on all major international economic issues within the United Nations system, and promote South-South cooperation for development." See "About the Group of G77," <http://www.g77.org/doc/> (accessed September 25, 2011).

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CHAPTER TWELVE

CHINA, THE EU, AND GLOBAL GOVERNANCE IN HUMAN RIGHTS

Gustaaf Geeraerts

Introduction

The focus of this chapter is on the evolution of the EU-China relationship and its impact on the international human rights regime. The latter is understood to be the system of principles and norms based on the Universal Declaration of Human Rights (UDHR), and encompassing in terms of procedures “various UN institutions including the Human Rights Council and bodies that monitor implementation of international human rights treaties” (Sceats and Breslin 2012: 1). The chapter zooms in on how the shifting constellation of world power is fundamentally altering the distribution of capabilities and identities. It particularly looks into how this development is affecting the respective posture and strategies of the European Union (EU) and China with regard to international human rights.

The chapter first canvasses the changing global context of the international human rights regime and its implications for the EU-China relationship in this area. Then it takes a closer look at the EU’s and China’s respective identities. An agent’s identity, for example, whether it is a modern or a postmodern actor, will have a bearing on its beliefs about the nature of world society and also affect its beliefs about what works and what is right or wrong in world society—also in the realm of human rights. The EU and China differ fundamentally in their identity, and this sheds light on their different understandings and causal beliefs about the salience and workings of the international human right regime. While both the EU and China support the international human rights regime, their discourses are substantially different from each other. They also adhere to dissimilar strategies for the realization of their goals in the field of human rights, both at the bilateral and the multilateral level. The chapter concludes that the changing

constellation of world power is pushing China and Europe in the direction of reciprocal socialization (Terhalle 2011)—an exercise in which they try to reach a pragmatic consensus on how to reconcile their distinctive identities and development paths and thus renegotiate the international order, a process that will inevitably have to be commensurate with the two players' internal development, and as such will also affect the future of the international human rights regime.

The Changing Global Context and the International Human Rights Regime

The issue of human rights has been one of the most sensitive elements in the EU-China relationship. It is difficult to deal with in the official relationship between the EU and the Chinese government, and has caused controversy in public opinion and in the media. The question of human rights often appears as the aspect of the relationship between Europe and China that constitutes the greatest and most destabilizing of differences between them (Freeman and Geeraerts 2012).

With the global context of their relationship changing, the connection between China and the EU at the level of values and human rights has become even more of a challenge (Fox and Godement 2009; Smith 2014b). China's reemergence and mounting influence not only affect Europe's position in the global distribution of forces but also constitute a challenge of sorts to Europe's very identity (Geeraerts 2013a). China's successful economic growth is defying the present international order, which largely mirrors the Western worldview of liberal democracy and free markets, and in which Europe was so comfortably nested in the shadow of the United States. While for more than half a century the United States, in tandem with Europe, has watched over the provision of global public goods such as monetary stability and free trade, and has propagated the practice of good governance, human rights, international trade regulations, humanitarian intervention, and state building, recently the credibility of both the United States and Europe as political drivers of global governance are being put to the test (Acharya 2014; Kupchan 2012). Just as the United States, weighed down by debt and deficits, is struggling to maintain its superpower status, the EU, faced with the eurozone debt crisis, is struggling for its very survival.

Meanwhile, China's growing economic clout has increased its political influence well beyond its borders and is turning it into a more confident player. Gradually, Beijing is also developing an alternative discourse of modernity and spelling out its own narratives of good governance (Breslin 2013; Pan 2012; Schweller and Pu 2011). Part of these narratives question

the present global governance regime's ability to provide economic and monetary stability as well as its authority in setting norms of good governance and human rights. As a rule, emerging powers are suspicious of existing international regimes, which tend to favor established powers. As such, China's successful development is putting the Western liberal worldview to the test and posing the question whether liberal democracy will guide global governance in the future or be challenged by alternative models (Acharya 2014). This is all the more so as the contestation of Western hegemony appears to be part of a broader development pattern. Based on their new economic power and starting from an understanding of national sovereignty built upon strict nonintervention, the emerging countries are slowly but steadily changing the degree to which Western global governance is universally accepted (Hurrell 2007; Terhalle 2011). Continuing disputes over Western policies and principles (good governance, human rights, coercive humanitarian intervention, trade regulations, and state building) point to the "larger phenomenon of a mistakenly assumed global definition of order" (Terhalle 2011: 344)—there is no consensus on a legitimate international order. As a result, an already weak system of global governance is apparently becoming more so (Goldin 2013). As Ruggie (2014: 5–6) points out, "global governance architectures, legal and institutional, are said to be fragmenting. Traditional forms of international legalization and negotiation through universal consensus-based institutions are stagnating. Regime complexes that often embody divergent norms dominate previously coherent rule systems. The decline of the West and the rise of the rest add to the centrifugal pull, not only in material terms but also in animating visions."

Against this background, the sustainability of the international human rights regime is by no means certain. In the last few years, the promotion of human rights by the West has been considerably contested as developed countries have increasingly ceded influence to emerging countries, "many of which have traditionally been sceptical of the human rights framework owing to its rootedness in Western philosophy and association with the geopolitical dominance of the West in modern times" (Sceats and Breslin 2012: 55). With China becoming an ever more pivotal economic player and potential role model for developing countries, there is a growing concern within Western countries about the extent to which China's growing economic and political clout will affect the international human rights regime. While Europeans continue to consider China as an important global player that should be integrated into the international community, they are increasingly wondering whether China will ever accept what they consider to be universal norms and values, and whether Brussels will at all be able to encourage Beijing's commitment to the rule of law and human rights (Freeman and Geeraerts 2012; Pan 2012).

The EU and China: Different Identities

While Europe and China are the second most important economic relationship in the world and have clear incentives to build solid cooperation, they have failed so far to establish a genuine strategic partnership (Geeraerts 2013b). A major reason is that, even though the EU and China have become highly interdependent and have an impact on each other materially, they are very distant and different from each other with regard to geography, culture, development path, political system, and societal values. China and the EU have distinct identities and hold onto different ideas and beliefs. For example, whereas Chinese and Europeans may agree on the importance of multilateralism and democracy as political goals, their understanding of these concepts differs substantially (Pan 2012). Europeans hold on to a concept of multilateralism based on rule-based management of economic interdependence and political integration, including the pooling of sovereignty in supranational organizations. This “postmodern” view of sovereignty also makes Europeans believe that states have the responsibility to protect the individual in case of serious breaches of human rights. In contrast, Chinese have a skeptical view of supranational authority and cling strongly to a traditional—some would say “modern”—conception of national sovereignty (Geeraerts, Chen, and Macaj 2007). They are not overly sympathetic to the idea of humanitarian intervention. Chinese, in the end, hold on to an intergovernmental conception of multilateralism in which sovereignty reigns supreme. Similarly, when the Chinese talk about democracy, they focus on the responsibility, responsiveness, and accountability of government authorities, while for Europeans it is all about a free civil society, the rule of law, and respect for political and civil rights (Pan 2012).

The EU-China relationship is yet another illustration that international relations are not only about material factors but also about concepts and beliefs (Wendt 1999). The nature of the interaction between international agents is not merely the result of objective, material aspects, such as the balance of trade or gross domestic product (GDP) figures. As in any relationship, the interaction between the EU and China is also shaped significantly by subjective factors, that is, the concepts and beliefs that lead the agents involved to interpret events and data in specific ways (Geeraerts 2006, 2012). Concepts and beliefs can refer to the identities of the actors involved: how do they see themselves and how does this affect their relationships with each other? They can also relate to “strategic cultures,” that is, sets of beliefs about the nature of world society and the best ways to govern it. Finally, they can convey “norms,” that is, beliefs about what works and what is appropriate in the global arena. While it is useful to analytically distinguish between the three categories, one should bear in mind that they are highly

interlinked and consequently feed back on each other. The identity of an agent, for example, whether it is a modern or a postmodern actor, will have a bearing on its beliefs about the nature of world society and also affect its beliefs about what works and what is right or wrong in world society.

While both the EU and China support the international human rights regime, their different identities translate into different human rights discourses and dissimilar strategies for the realization of their goals in the field of human rights.

The EU's Identity and Human Rights Discourse: Universality and Constructive Dialogue

The EU's identity is often understood as that of a normative actor, founding its policies on values, institutions, and cooperation rather than power politics (Smith 2014a). As such, the EU constitutes an effort to reshape the power politics paradigm to reflect a new kind of power in global politics. As stated in its 2003 Security Strategy, the EU aims at the "development of a stronger international society, well functioning international institutions and a rule based international order" (European Council 2003: 9). The rules underpinning this new international order are founded on Europe's liberal political norms, its views of an open global market, and its preference for highly institutionalized multilateralism.

Similarly, European relations with emerging powers like China are largely constructed from the belief that the latter should adapt their international political norms to European standards. Normative convergence is thus the starting point for developing relations with emerging countries. Europe's policy toward China has to date been one of conditional cooperation. The EU is prepared to help the People's Republic of China (PRC), invest in the development of the country, but in turn, China must meet a number of standards and demands. This is a rather unique way of dealing with a rising power. In contrast to the United States, Europe is not gearing up for a confrontation, if needed. So-called "hard power" is hardly on the agenda. European nations are not taking up bases in Asia to curb Chinese influence in case this might be necessary. On the contrary, Europe wishes to forge a tighter link and strengthen its influence through ever-increasing economic interdependence and shared values. In this process, Europe sees itself as the model to which China should aspire. EU policy is based on the belief that "human rights tend to be better understood and better protected in societies open to the free flow of trade, investment, people, and ideas. As China continues its policy of opening-up to the world, the EU will work to strengthen and encourage this trend" (European Commission 1995: 6).

As a normative power, the Union has set itself the task of spreading certain norms such as respect for human rights to other countries and of strengthening the international human rights regime (Men 2011; Smith 2014a). The EU is committed to the promotion of human rights and fundamental freedoms all over the world. It regards human rights as a vital issue for the long-term social and political stability of any country. While the EU's founding documents do not explicitly mention the promotion of human rights as a foreign policy goal, "since the 1990's the EU has repeatedly declared that the promotion of human rights is at the 'heart' of its foreign policy" (Smith 2014b: 159). This commitment continues to occupy a central place in the Lisbon Treaty and even got a specific executive embodiment when in 2012 a EU Special Representative for Human Rights was appointed. The Special Representative's job includes enhancing dialogue with third countries and action within international organizations.

For the EU, human rights are universally applicable legal norms, which are indivisible and interdependent. The EU is committed to the promotion and protection of all human rights, whether civil and political, or economic, social, and cultural. It is a strong supporter of the international human rights regime as it calls "on all States to implement the provisions of the Universal Declaration of Human Rights and to ratify and implement the key international human rights treaties, including core labour rights conventions, as well as regional human rights instruments. The EU will speak out against any attempt to undermine respect for universality of human rights" (Council of the European Union 2012: 1). When it comes to implementation, however, priority is given to political and civil rights, rather than economic and social rights, something that puts the Union at odds with many developing and emerging countries, which consider economic and social rights to be more important (Smith 2014b).

At the level of implementation, the EU and its member states commonly favor a cooperative approach, but maintain that harsher action is needed when governments are hesitant or unwilling to implement human rights standards. In practice, however, policies are much less straightforward. As Smith remarks, "while the EU shares the 'principled belief' that promoting human rights is a legitimate aim of foreign policy, it has been divided over 'causal beliefs', or what sorts of policies promote human rights most effectively and what to do in particular cases of human rights violations. There are innumerable cases in which other interests trump considerations of human rights (e.g., Egypt or Tunisia until the Arab Spring). There are also genuine dilemmas: the promotion of human rights is not the EU's only policy objective, and other objectives or security imperatives can be prioritised in any particular instance; resources are finite and hard decisions have to be taken about how to deploy them. In addition, gauging the

seriousness of violations in particular cases can be a matter of (subjective) judgment, and whether to use negative or positive measures is not a clear-cut issue" (Smith 2014b: 160). In general, however, there seems to be a preference for dialogue over confrontation, and incentives over sanctions.

China's Identity and Human Rights Discourse: Universality but...

China's identity is quite different from that of Europe. Like any other national identity, the Chinese self-image is inextricably linked to its history. What happened in the past and the lessons derived from this experience make up the building blocks of China's identity. Once a national identity has been established, it serves as a guiding principle for policy. A national identity is not a static concept, however. It does evolve through time as a result of profound economic and political changes. Past experiences are constantly interacting with the present. In China, this process has resulted in an obsession with modernity and growth. China must again be able to grow into a regionally and internationally distinguished power. The continuity of this objective in the past decades has been closely linked to China's sense of history. National pride takes center stage in this regard. To the Chinese mind, due to the cultural greatness of a country like China that has scaled such heights, it deserves to be influential and acknowledged (Iriye 1979). However, the century of national humiliation was a bitter pill to swallow. It practically decimated the sense of superiority that is so innate to Chinese self-image, and injected an element of inferiority into the national identity that has remained to this day. In this respect, one should not just view the "liberation" of 1949 as the end of foreign interference and domestic chaos. It also provided the impetus for the regaining of China's former glory. This historical development supplies the foundation of China's current identity, which is essentially ambivalent in nature, consisting of both a sense of inferiority and superiority (Geeraerts 2006). In its foreign relations, the country will at times present itself as a glorious nation and potential superpower, taking for granted that it is on course to achieving the power and prestige it is rightfully owed. At other times, it sees itself as a developing country that has been wronged by the imperialists and therefore feels the need to, as it were, redress the balance.

The weak side of China's identity, this notion of China as a developing nation draws attention to the fragile aspects of the Chinese economy and other sectors of society. By proclaiming that China is a developing country, China's leaders have repeatedly asserted that economic development and modernization should be the countries' priority. In this way, they are urging Western countries to show the necessary patience and understanding when assessing China's performance in sensitive areas such as human rights

and the environment. Chinese leaders believe that these are issues that can only be tackled adequately once the country has attained a certain level of prosperity and it can meet the demands of a larger part of its population. The strong side of China's double identity sees the People's Republic as a potential great power. Over time, two variants on the strong version of Chinese identity have recently emerged (Zhang 2005). The first variant emphasizes China's status as a "global power" and heavily stresses the need for a multipolar world. The second variant champions China's evolution toward being a "responsible power." The first variant does not depict China as a world power yet, but it does believe it is well on its way to becoming one. This version wishes China to play a greater part in the global community and hopes the Chinese nation will blossom again and become prosperous and strong in the present century. To this end, China must safeguard its sovereignty as much as possible and build up its capacity to maintain its position in the budding multipolar order. The second variant places a stronger emphasis on the growing importance of interdependence in a globalized world and on the corresponding need for China to become more firmly integrated into international society. China must seek to join international society by projecting itself as a responsible country (Z. Chen 2009). For this purpose, it must become more attuned to the interests and perceptions of other countries and take into account the current international rules and norms. In this way, it will be able to gradually augment its image abroad and optimize its international relations (D. Chen 2009). The best option is for China to play a constructive role in the international system, and participate in the creation of international institutions. After all, China has been developing within the existing system of strongly established international institutions, of which it has been making ample use to sustain its growth. As China is firmly integrated into the current international regimes and benefits from their smooth functioning, Beijing actually has a profound interest in seeing that the international rules and institutions keep on functioning effectively.

While international human rights represent a peripheral concern to the Chinese leadership, China has significantly expanded its participation in the international human rights regime over the past 35 years, having signed important international treaties and interacted with various international human rights institutions (D. Chen 2009; Sceats and Breslin 2012). It has signed the two most important international human rights covenants of the UN, the International Covenant on Economic Social and Cultural Rights (ICESCR) and the International Covenant on Political and Civil Rights (ICCPR), respectively in 1997 and 1998. While China is still considering ratifying the ICCPR, it did so for the ICESCR in 2001. Moreover, it has ratified seven other important human rights treaties.¹ In

recent years, it also officially accepted the universality of human rights (Sceats and Breslin 2012).

Nevertheless, China's view of human rights differs from that of the European understanding and the Western view in general. It continues to "view human rights in strongly aspirational rather than legal terms. It argues for priority to be placed on socioeconomic rights and the right to development, and continues to insist that human rights should be implemented according to a country's national conditions" (Sceats and Breslin 2012: vi). Accordingly, and in line with the principle of noninterference in domestic affairs, it is up to countries themselves to decide which human rights they are able to accept at any given time. So China adheres to a notion of national sovereignty that attempts to limit influence from outside. It strongly favors cooperative approaches to promoting human rights, "meaning that the state concerned consents to measures, which are supportive in nature—such as technical assistance to help the government implement human rights—and that praise, not 'naming and shaming,' encourages governments to protect human rights. The cooperative approach prioritises state sovereignty" (Smith 2014b: 158).

The Chinese leadership's choice for "reform and opening up" as the strategy of choice for China's modernization at the end of 1970s has made for a profound impact on the human rights discourse in China. As Men (2011: 543) points out, "The emphasis on citizens' duties to the state has been replaced by concern about citizens' basic economic needs or rights. The key task of the Chinese government is to develop its economy so that people could have enough to eat and wear. Right to subsistence is the most fundamental right. In view of the Chinese government, to guarantee the right to subsistence is a better way to realise equality, liberties and democracy. In other words, economic development level affects China's understanding on human rights and policy making. The Chinese government divides the realization of human rights into two steps: the first step is to gain the economic and development rights, and the second step is to realise political freedom and liberal democracy." Political reform is secondary to economic reform. Reminiscent of the implosion of the Soviet Union, the Chinese leadership associates rapid political change with the likelihood of chaos and collapse of the country. Maintenance of stability is the primary goal and comes at the expense of political rights, including freedom of expression.

While it has not been particularly timid in exposing these views, China has generally adopted a defensive posture within the international human rights regime, both by active efforts in the United Nations to block resolutions criticizing China and through dialogue with major Western countries (Men 2011; Sceats and Breslin 2012). As shown in recent sessions of the Human Right Council, however, China appears "increasingly prepared to

step forward and build coalitions in support of its views about such matters as the paramount responsibility of the state to secure public order and the permissibility of restricting individual liberties towards this end” (Sceats and Breslin 2012: 55).

The EU-China Relationship and Human Rights: Major Frameworks of Interaction

For the EU, supporting China’s transition to an open society based on the rule of law and respect for human rights is central to EU-China relations. In line with its identity as a normative power, the EU is committed to promoting human rights in China in an active, sustained, and constructive way. The two major frameworks for interaction between the EU and China in the field of human right are the Human Rights Dialogue (bilateral) and the UN’s premier human rights body, the Human Rights Council (multilateral).

EU-China Human Rights Dialogue

Constructive dialogue remains the Union’s strategy of choice for working to improve the human rights situation in China. Human rights are mainly discussed between the EU and China in the framework of both their political dialogue as well as a specific Human Rights Dialogue. This structured human rights dialogue was set up in 1995. It allows the EU to discuss issues related to human rights with China at a greater level of detail than would otherwise be possible and to do so in a forum in which China is committed to responding. Issues discussed include signing, ratifying, and implementing international human rights instruments; cooperating with international human rights procedures and mechanisms; combating the death penalty; combating torture; combating all forms of discrimination; supporting children’s rights, women’s rights, freedom of expression, the role of civil society, and international cooperation in the field of justice; promoting the processes of democratization and good governance; and preventing conflict. The dialogue, together with pressure from other international partners, has contributed to yielding some concrete results such as visits to China by the UN Commissioner for Human Rights; China’s signing of the UN Covenant on Civil and Political Rights and its signing and ratifying of the UN Covenant on Social, Economic and Cultural Rights; the release of prisoners; and the setting up of Commission cooperation projects. However, the EU has made it clear on several occasions that it wanted the dialogue to achieve more tangible improvements in China’s human rights situation on the ground (Men 2011). A major disappointment is that China’s National People’s Congress has still not ratified the ICCPR 16 years after it was signed.

The EU's attachment to a constructive human rights dialogue with China has been criticized (Fox and Godement 2009). A major weakness is that the dialogue lacks concrete and publicly articulated benchmarks. "Such benchmarks would give clear direction to the dialogue and make the participant accountable for results" (Roth 2011: 8). While it may be that the human rights dialogue allows the EU's concerns about human rights to be raised, "it is not clear what flows from this: the EU's own reports give no indication of the extent to which the third country responded to the EU's concerns, nor whether the EU took any further action as a result" (Smith 2014b: 162). As data on the content and outcomes of the EU-China Human Rights Dialogue are not readily available, it is difficult to gauge its impact on China's human rights performance. Some critics go so far to say that Chinese diplomats simply use the EU-China human rights dialogue as a convenient tool in "breaking up the EU consensus and in deflecting serious criticism in international fora" (Baker 2002: 63).

Another general issue, which also plays strongly in the bilateral exchange between China and the EU in the field of human rights, is that the "member states are not united on many aspects of the particular implementation of their general desire to strengthen the protection of human rights internationally. In any given case, the member states can disagree on the extent to which human rights should play a prominent role. They especially differ in terms of their willingness to impose negative measures on countries with poor human rights records. This leads to inconsistency in the EU's policy—which means that the EU's declarations and dialogues can lack teeth" (Smith 2014b: 172).² This not only affects the EU's credibility in its bilateral human rights diplomacy but also tends to undermine the EU's standing and messages in multilateral human rights discussions.

Multilateral Level: The UN Human Rights Council

The UN's human rights regime is the realm in which the changing international context is reflected most strongly. At this multilateral level, the EU is in a minority position and is insistently contested. It is here that the EU member states seek to raise awareness and canvass support for their unified initiatives and positions in the Human Rights Council (HRC). It concerns perhaps the most critical stage in the EU's engagement in the HRC: building the necessary support, and, when needed, winning coalitions, in order to reach its collective objectives. This is crucial because the EU cannot succeed in the HRC if it does not manage to persuade non-EU countries to support its proposals and positions. Not only is this necessary when the HRC decides by voting, since it occupies a minority position, but also and most importantly during the entire work of the HRC, given that the EU

operates mostly in seclusion from non-EU countries and therefore needs to establish a connection with the outside world at some point in order to validate the internal efforts to reach EU actions in the first place. Given that EU outreach involves primarily building support for its unified responses to non-EU initiatives—since it has very few of its own—it is much harder for the EU to agree in a timely fashion on initiatives the content of which they cannot predict or control and then to build the necessary support for their interpretation of non-EU initiatives from among non-EU countries. Thus the EU needs to find a way to engage in effective outreach when it is most difficult to produce results (Macaj 2014).

What is more, EU outreach is flawed both in its conception and application. Despite the extensive mechanism put in place and the huge diplomatic potential that EU institutions and EU states possess, outreach is applied sparingly and intermittently in the HRC without being able to establish and maintain functioning and working relations with non-EU countries, especially non-Western countries. It excludes coauthorship from non-EU countries and relies solely on standard explanations that are delivered through one-directional monologues. By delivering its positions with a take-it-or-leave-it attitude, which essentially implies getting the signatures from non-EU countries, the EU creates an implicit hierarchy between the EU and the other countries, which can harm the EU's overall standing. Non-EU countries may reject EU positions not because of what they say, but simply because of the way in which they are conveyed and delivered, regardless of the substance (Macaj 2014).

Finally, the EU's almost exclusive focus on civil and political rights, while neglecting social and economic rights coupled with selective inaction in relation to human rights violations committed by Israel or the United States, undermines its standing and credibility (Macaj 2014; Smith 2014b). This clearly undercuts the EU's self-proclaimed role of championing the universality of human rights and gives ground to the emerging countries' resentment and rejection of the EU's official discourse as well as its inclination to present its particularistic vision of human rights as an advancement of universal rights.

China's posture within the HRC has been mainly defensive. While it wishes to be regarded as accepting the legitimacy of the UN's human rights regime, it has "persistently sought to weaken accountability mechanisms, most recently by tightening controls on the Council's special procedures and the human rights treaty bodies, but it generally does not play a 'spoiler' role in relation to specific thematic or country initiatives aimed at strengthening human rights compliance. Indeed China is remarkably judicious about the issues on which it engages and has for the most part cultivated a low profile, forgoing leadership even on its preferred issues including socio-economic

rights. This back-seat role almost certainly reflects China's success in the late 1990s in deflecting discussions with Western states about its human rights record into bilateral fora in which it increasingly holds the upper hand. This achieved, China's cardinal goal, pursued aggressively at times, has been to keep its domestic human rights record of the agenda of UN bodies" (Sceats and Breslin 2012).

The Chinese leadership remains highly sensitive to criticism of China's domestic human rights record as this issue is linked to its preoccupation with maintaining political control and social stability. So any change in its approach toward the international human rights regime will strongly depend on the evolution of China's domestic development path. As Sceats and Breslin observe, there is probably "no coincidence that moves towards a more internationalist perspective—for example by recognizing the universality of human rights and permitting more open debates within China about the limits to non-interference—have occurred during periods when China has been relatively stable" (Sceats and Breslin 2012: 55). Following that logic, it is conceivable that in case of a successful transition to an innovation-driven high income economy "China will begin to adopt a less defensive attitude towards human rights both at home and abroad and that new possibilities will open up for joint working with Western states on international human rights issues." [...] If instead China gets stuck in the middle-income trap, the leadership "can be expected to continue with its more hardline position on the responsibility of sovereign states to act robustly in the face of internal unrest without the threat of intervention authorized by the Security Council or condemnatory resolutions by the Human Rights Council" (Sceats and Breslin 2012: 56).

China, the EU, and Global Governance in Human Rights

An important factor to recognize is that the boundary conditions of the EU-China human rights dialogue are fluctuating. The shifting constellation of world power has fundamentally altered the nature of the EU-China relationship (Geeraerts 2011). China and the other rising non-Western states are permeating the existing Western order, and while they are socialized into that order, at the same time they are reshaping it as they enter it (Acharya 2014; Kupchan 2012; Terhalle 2011). Europeans must come to grips with the fact that the days of the West's supremacy in international politics are numbered (Layne 2012). The EU's normative power has been weakened: the values and norms for which the EU stands, seem to have lost some of their appeal and weight (Balducci 2010; Geeraerts 2013a; Smith 2014a). The changing international environment is diminishing the sway of the conditional policies the EU has used to promote human rights and

democracy, and exposes weaknesses in the EU's approach, which were less evident when the global distribution of capabilities and identities was more favorable (Smith 2014b). As Smith (2014b: 158) points out, "when the EU tries to encourage other countries to protect human rights, or to strengthen the international human rights regime, its appeals do not fall on fertile ground."

China, for example, may well recognize the advantages of cooperating with the EU and be willing to learn from it in particular areas, but it is surely not willing to accept the tutelage of the EU, certainly not regarding issues like human rights, which it considers to be a domestic affair. Moreover, China not only holds on to a different conception of human rights (Men 2011; Sceats and Breslin 2012) but it is also not a prospective EU member, nor does it see itself as a weak nation, depending solely on the EU for support in its political and economic reform process. The strongest incentive the EU has to offer is its attraction as a successful society and a lucrative market, both of which are now under challenge as a result of the Great Recession and the related European sovereign debt crisis. The success of the EU's policies toward China, also in the realm of good governance and human rights, will to a large extent rest on the recognition of common interests, in areas such as the environment and energy, but also in trade and investment. The degree to which China's interests match those of the EU will determine the overall success of their mutual relationship.

In the end, both the EU and China are looking for ways to generate sustainable development against the background of a global economy that is very much in flux. Clearly, the 2008 financial crisis and the subsequent economic downturn have demonstrated the necessity for both Europe and China to rebalance their economies. In this sense, China faces a challenge similar to that of a stagnant Europe. The challenge for China's leadership is to rebalance aggregate demand, shifting the economy away from fixed asset investment and exports, and toward domestic consumption. Pushing through such fundamental restructuring would create avenues for sustainable domestic growth and assure social stability. A successful transition to a more sustainable economic model is likely to make Beijing less defensive about human rights both at home and abroad and would open new opportunities for working with Western states on international human rights issues. Success with domestic reform in China would also auger well for the sustainability of the EU-China relationship as it would offer new export and investment opportunities to European business, thus creating possibilities for alleviating the EU's trade deficit with China and shaping the boundary conditions for a more balanced trade relationship. In the meantime, it would also strengthen the conditions for cooperation and stimulate mutual understanding. As we know from social psychology, success

in mutual activities is a sure way to deepen cooperative relationships and to eliminate “we-they distinctions” that are so prominent in human rights and good governance discourses. Deeper cooperation would also facilitate reciprocal socialization (Terhalle 2011)—an exercise in which China and the EU engage in reaching a pragmatic consensus on how to reconcile their distinctive identities and development paths, and in this way contribute to the ongoing renegotiation of the international human rights regime.

Notes

1. These are the Convention on Children's Rights (CRC), the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (CAT), the Convention on Elimination of Discrimination against Women (CEDAW), the Convention on Elimination of Racial Discrimination (CERD) and the Convention on the Rights of Persons with Disabilities (CRPD). See Guo (2009: 162).
2. See also Fox and Godement (2009).

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CHAPTER THIRTEEN

DEVELOPMENT POLICY: ALTERNATIVES, CHALLENGES, AND OPPORTUNITIES

Uwe Wissenbach and Yuan Wang

Introduction

Development is a declared common objective of both the European Union (EU) and China (Millennium Declaration, Busan Declaration). But besides some common ground, the EU's and China's strategies often differ, notably in the ways to achieve a common objective.

Development for the EU has traditionally been an agenda associated with official development assistance (ODA),¹ trade preferences, and a number of policy prescriptions. For China, development is economic growth, infrastructure, and technology transfer, combined with a hands-off approach to problems in partner countries. For both approaches, a number of requirements that the EU and China expect from developing countries are actually very similar: development plans, management skills, government capacity, less corruption, and better security, or what the Chinese call "soft infrastructure" and the EU calls "good governance." China makes few prescriptions regarding a partner country's development path and tolerates any political regime as long as it respects the "one-China policy," while the EU is more intrusive and promotes political norms (democracy, human rights). China's policy rarely tries to address issues behind the borders of another country, although there is an increasing awareness that such a hands-off approach can be difficult to sustain or may backfire on China's image.

China stresses its identity as a developing country in South-South cooperation (SSC), while the EU emphasizes its historic and moral responsibility, but developing countries are skeptical of both professions of altruism, not least as both China and the EU, behind the rhetoric of joint statements, are seen as powerful and self-interested players.

These divergences create very promising opportunities for developing countries: they have alternatives and can play off external partners in their

own interest if they are fortunate enough to have coveted resources (natural, economic, or diplomatic). Countries with their own strategy and a good negotiation capacity can derive benefits from the new competition, but some countries' political games, corruption, and lack of capacity push the EU and China into unhealthy competition.

Examining opportunities and challenges for global governance in the field of development presented by these alternatives between the EU and China, we focus on (sub-Saharan) Africa (SSA), because this vast continent has the largest number of least developed countries and is the focus of most of Europe's and China's development aid. Africa also has a continental partnership with both the EU and China, and the EU has formally proposed trilateral development cooperation (European Commission 2008). Finally, Africa's relations with China have been the focus of the most heated debates about China's versus Europe's development policy.

How analysts frame these challenges and opportunities is crucial: from a "realist" perspective, the EU-China rivalry is a zero-sum "scramble for Africa and natural resources" in a multipolar world, whereas a liberal-globalist or international political economy (IPE) perspective emphasizes competition and cooperation, collective action dilemmas, and the interdependence of markets and production chains, while a constructivist approach focuses on ideas, perceptions, and norms for global governance and development, mutual learning, and purported role relationships (common development, neocolonialism, North-South and SSC).

The chapter also examines institutional frameworks in which the EU and China cooperate (or not) on development: UN Millennium Development Goals (MDG), the Busan Process on development effectiveness, trilateral cooperation, bilateral dialogue, the Group of Twenty (G20), and the Bretton Woods Institutions (BWI).

The EU's and China's Approaches to Development: Commonalities and Differences

China usually points out that its relations with developing countries in its view of SSC are fundamentally different from relations between traditional donors and recipients. However, important commonalities can be found in shared international commitments to development such as the MDGs, which frame the global development challenge as a shared problem, borne by all humanity (Chandy and Kharas 2011: 741). Even the effectiveness of aid can safely be assumed to be a common concern, although the EU and China differ on the specific ways in which aid effectiveness principles have been formulated and interpreted by the Organization for Economic Cooperation and Development (OECD) Development Assistance

Committee (DAC) (Chandy and Kharas 2011: 743). Moreover, beyond development assistance as such, Europe and China are both interested in ensuring that Africa is becoming stable and prosperous—a win-win-win approach in principle.

China's development aid aims at helping countries promote their own socioeconomic development and self-reliance based on principles of equality and noninterference in internal affairs. China does not subscribe to the more narrowly defined aid concept of the OECD-DAC. It focuses on infrastructure, food security, education, health, culture, and other sectors, including more recently ecological issues (Li 2014). Chinese aid is delivered through (1) projects, (2) goods and materials, (3) technical cooperation, (4) human resources training, (5) medical teams, (6) emergency aid, (7) volunteers, and (8) debt relief (White Paper on China's Foreign Aid 2014). This at least sums up the Chinese official development assistance (managed by the Ministry of Commerce Foreign Aid Department and various line ministries).

The EU's development policy as described in the European Consensus on Development (2006) is squarely anchored in the MDGs and the normative good governance conditions believed to make development sustainable: "democratic governance, political, economic and social reforms, conflict prevention, social justice, promoting human rights and equitable access to public services, education, culture, health, [...] the environment and sustainable management of natural resources, pro-poor economic growth, trade and development, migration and development, food security, children's rights, gender equality and promoting social cohesion and decent work."

When Aid Is Not Aid...

The main fallacy in comparing aid from the EU and its member states with China's support for development is a restrictive definition of aid in the OECD-DAC sense. Officials and analysts desperately try to classify China and its "aid" with awkward labels such as "non-DAC donor," "nontraditional" or "emerging" donor, and so forth. But China itself feels such classification is not necessary as it has its own principles for its foreign and aid policies that were enunciated by Prime Minister Zhou En Lai 50 years ago on his first Africa tour.²

Actually "aid" is only a minor part of China's engagement with developing countries. It is part of a broad spectrum of international relations in an interconnected world in which the boundaries between development, economic, and foreign policy are fast disappearing. It is also part of global change, especially in the economic realm, with multiple growth poles

emerging besides the transatlantic one. That is in line with many developing countries' desire to become less dependent on ODA from former colonial powers and a widespread (if not necessarily accurate) perception that "aid does not work." Western public aid is mostly untied and hence open for contractors from other countries. China's government by comparison often uses aid, trade, and investment in a coherent framework for external relations (Qi 2014; Quirk 2014; Lum et al. 2009; Bräutigam 2011), and projects financed by China are usually implemented by Chinese contractors, especially state-owned enterprises (SOEs).

Kaplinsky and Morris (2009: 562) emphasize that "with respect to the strategic integration of aid, trade and investment, Chinese SOE FDI in SSA is distinctive. Over the past decades, despite some differences between different nationalities of Northern investors, in general there has been an unbundling of Northern investment from aid and trade." Hence, the Chinese "bundled" cooperation packages differ from ODA-focused approaches (and make it difficult to quantify aid). In fact, where observers and policy makers focus on China's "aid," they often refer to what really are commercial relations or investments, which are indeed meant to help development (usually in a win-win formula, as China also considers itself as a developing country). So we often end up comparing an infrastructure project by a Chinese company, which is a business operation financed by a credit from the Export-Import Bank (Exim Bank) of China, with an infrastructure project contracted from an EU development aid budget. It is clear that both projects will result in a road or bridge being built, but this is where the similarity stops.

The EU project is a "gift" financed by European taxpayers' money that benefits the recipient country and, of course, allows the contractor also to make a profit. The accountability is to the EU or EU country that finances the project, which is why it tends to come with a lot of conditions and secondary objectives—the road is not just to be built to connect A with B but also to address poverty, gender, health, education, environment, and other issues in order to contribute to a holistic view of sustainable development, including political reforms. That holistic view is anchored in a rights-based approach with a focus on the elimination of poverty and empowerment of the poor.

China's underlying view of development focuses on economic drivers that induce growth rather than on directly pro-poor, rights-based approaches. That is in line with China's own trajectory of economic reform and development over the last three decades, which after rural reforms started in the comparatively rich coastal provinces, cities, and special economic zones (SEZ), were then rolled out to the poorer Western and Central provinces. China's policy, like that of other East Asian "development states" has sequenced economic development before political reform. China's domestic

economic development also focused on infrastructure development: “building roads is the first step to becoming rich” is an often repeated saying in China. Thus, in working with other developing countries, China also emphasizes infrastructure construction.

The typical Chinese infrastructure project is not a “gift” from Chinese taxpayers. The financial scheme of Chinese projects takes three forms: interest-free, concessional, and more or less commercial loans. Interest-free loans and grants come from China’s State finances, while concessional loans are provided by the Exim Bank (White Paper on China’s Foreign Aid 2014). These loans are financed (and given collateral) in various ways, including rights to natural resources, by the recipient government’s taxpayers through a Chinese credit line, maybe with some favorable conditions. The then president of China’s Exim bank, Li Ruogu, argued that the concession element was not very relevant as Exim’s interest rates were lower than concessional rates under the DAC definition and that previous debt was essentially a Western problem stemming from an era of high interest rates (Li 2007). The concessional loan program from the China Exim Bank is contracted by SOEs and usually delivers infrastructure projects that need to have “good social benefits.” This is not aid, but “win-win” cooperation. Hence, a road is being built mainly to connect A with B, and any further development impact is not normally included in contract specifications, but it is assumed that the road will contribute to economic growth or related objectives for which it has been conceived in the first place. But this then is a “behind the border” issue: local community consultation, land expropriation, and so forth are for the recipient government to manage. However, the “Chinese” often get the blame for badly managed deals.

This difference between China and EU project financing is huge and explains why some of the Chinese projects are controversial. On the one hand there is unquestionably more *government* “ownership” because the recipient country is in the end paying for it (be that in cash to reimburse the credit or in resources in a sort of barter agreement), while on the other hand the contractor is almost always selected by the Chinese government/bank.³ The project specifications are crucial for the benefit and accountability of the project contractors to the recipient country. This is in fact not very different from early Japanese infrastructure loans, which were doubling as subsidies to Japanese companies and controversial as “tied aid” in the OECD-DAC for that reason. Who benefits most from China-Africa cooperation is then the politically sensitive question (which can depend on something to which China is not accustomed: electoral cycles and the ensuing discontinuity of commitment⁴).

Not surprisingly, at least on the governmental level, the more pragmatic, simpler, and less patronizing approach by China is often welcomed

by partner governments, although the initial enthusiasm for the novelty has also diminished over time, just as China has learned that politics and state capacity for development cooperation in partner countries is very complex for any outsider to navigate. Problems of all sorts have arisen frequently after government-to-government projects were agreed to because of opposition from the local community or vested interests or corruption or a change of government. For instance, the agreement with Kenya to build a railway from Mombasa to Nairobi became the focus of heavy criticism by parliament (even the government coalition), media commentators, and civil society, with questions asked about whether Kenya got a good deal or was cheated of billions by the Chinese contractor, why the project was not subject to public tender, and whether the details of the financing deal were legal. Some of those questions were brought to court. Nevertheless, and despite a lot of Western media criticism of China in Africa (Mawdsley 2008), China in fact enjoys high levels of approval according to surveys.⁵

Differences in Aid Delivery

China also provides traditional aid through grants or in-kind donations (scholarships, medical teams, equipment, hospitals, schools) and other medium and small projects for social welfare, human resources, or emergency humanitarian aid (White Paper on China's Foreign Aid 2014). While the EU and most member states have specialized agencies or departments for aid, often with impressive staff numbers supported by contracted consultants and nongovernmental organizations (NGOs), in China, the Ministry of Commerce is the major player and coordinator of aid projects as well as of trade and economic cooperation. It relies on a small number of officials, including economic counselors in Chinese Embassies and specialized implementing agencies under its supervision. Other ministries, such as Agriculture, Education, and Health, also initiate aid projects. The 2014 White Paper covers 2010–2012 and indicates a total volume of assistance over these three years of 89.34 billion CNY (14.41 billion USD) in grants (32.32 billion CNY), interest-free loans (7.26 billion CNY), and concessional loans (49.79 billion CNY). Chinese provinces in recent years have also stepped up their efforts to strengthen their presence in Africa. These provinces directly import and export from African countries, conduct projects and investment through SOEs at the provincial or local level, and deliver aid such as sending medical teams, building projects, sponsoring training programs, and so on (Chen and Jian 2009). This is part of a picture involving a number of central, provincial, local government, nonstate actors, and individuals competing or working at cross-purposes with each

other that belies the often-held perception of a monolithic and strategic China (Kaplinsky and Morris 2009; Zhang 2012).

Europe's aid is embedded in sophisticated frameworks that tend to be continuously revised, improved, and fed with "good practice" and "lessons learned." There is a whole industry of development research and NGO advocacy in Europe that is providing advice, monitoring, and services to reach development objectives and predefine conditions in order for projects to succeed.

There is very little such academic, NGO, or consultancy in development research in China. Aid is planned ad hoc, upon request, and on a case-by-case basis within a framework of established procedures and principles. The Chinese government argues that China has been successful in developing itself and that this practical expertise can be shared (not imposed). Hence, they task experienced domestic institutions—such as the China Development Bank—to finance projects abroad based on the successful experience in the poor regions of China, or to send advisers abroad. The government organizes or encourages universities or companies to organize study tours or training courses in China.

Despite differences, there are also similarities between the EU's and China's partnerships with Africa, which go beyond aid.

Similarities or Convergence?

There are two lines of convergence: China has moved from its initial hands-off approach to the African Union (AU) to a deeper institutional engagement with the AU. The initial problems had to do with AU member countries that have diplomatic relations with Taiwan and China initially perhaps underestimating the AU's importance as a pan-African institution, pursuing its interaction instead through the Forum for China Africa Cooperation (FOCAC). The FOCAC still is the privileged framework for essentially bilateral agreements, but it now includes the AU, enhancing African collective agency. The Chinese government has also reacted to criticism from within Africa and is communicating more than before about its activities. Chinese officials have also learned that their approaches do not always work as smoothly as expected and are analyzing the reasons and reactions. China has also become more active in engaging on political problems in Africa as mediation efforts in the Darfur or South Sudan crises through Special Envoys show. On the EU side, a certain convergence with China on economic growth became clear at the Fourth EU-Africa summit (Brussels April 2014). From its focus and statements it seems that the EU has acknowledged Africa's transformation from an aid recipient to an economic and trade partner with the ambition to industrialize. The president

of the European Council recognized that “[a] fundamental shift from aid to trade and investment as agents of growth and poverty reduction is taking place.”⁶

While these converging trends may not be causally related, they show that Africa has been able to move away from aid-focused relationships, enhancing its agency and that China and the EU increasingly speak the same language on a number of issues.

Polarized Global Governance: Power Games, Cooperation, or Neocolonialism?

China’s engagement with developing countries has opened up to examination a number of assumptions about global governance, which is the main focus of this book. In particular, the universality of the Western liberal order coming into question. Quirk (2014) emphasizes that development aid as a soft power pillar of the liberal order is becoming weaker. He urges the EU and the United States to work together to defend and strengthen it. An alternative view would be to adapt the current order to the new realities and make room for divergent ideas and players, making the international order more universal and legitimate. The global aid forum in Busan in December 2011 has tried steps in that direction, as has the G20, by including a development agenda (Fues and Wolff 2010). We will focus more on the academic framing of global governance perspectives here, but it is important to underline that the material reality of the world has changed in many ways due to the economic growth (or rise) of China. The mere scale of the economic dynamics unleashed by China’s reform process in itself is changing the nature of the global opportunities and challenges. China’s growth has led to a commodity supercycle (Farooki 2009; it is disputed how long it will be sustained) that has reversed earlier trends of low prices for raw materials and high prices for manufactured goods (Kaplinsky and Morris 2009). This change of the terms of trade affects African countries unevenly depending on whether they export raw materials or not. However, all countries are importing cheaper manufactured goods, producing various domestic opportunities and challenges for Africa’s own strategies to industrialize, which has prompted concern that China’s cheap production undermines nascent African industrialization attempts (Kaplinsky and Morris 2009). China is reacting by proposing cooperation on industrialization, technology transfer, and other accompanying measures. This starts to resemble the EU’s efforts at policy coherence—China’s government has little leverage to force companies operating in Africa to promote Africa’s industrialization, but to “encourage” them (Li 2014). This is not the place to delve more deeply into these dynamics, including issues related to consumers, safety,

climate change, and so forth, but they need to be borne in mind for an informed debate.

How to frame these challenges and opportunities is crucial to understanding global governance in the twenty-first century:

1. “Realists” decode EU-China rivalry as a zero-sum “scramble for Africa and natural resources” in a multipolar world. Mohan and Power (2008: 26) frame the issue as a United States-China-India competition for energy resources or a new scramble for Africa, and emphasize the differences between Western perceptions of Africa as a moral cause and Chinese visions of Africa as a business opportunity. The realist prism tends to portray China as a geostrategic rival, usually based on power transition theory (Lum et al. 2009; Lieber 2014). China is said to pursue a realist foreign policy as opposed to the EU’s normative foreign policy (Crooks 2013), but such views ignore the strongly normative coloration of China’s South-South cooperation policy. China has no colonial past in Africa and emphasizes its shared destiny as a victim of imperialism that feeds its anti-Western discourse. Realist views in Europe relate to influence and leverage over individual countries and rivalry over access to resources or markets (Quirk 2014: 47; Fox and Godement 2009). Moreover, “realist” security interests are an important concern for Europe, related to migration and terrorism as well as transnational crime and piracy.
2. Liberal-globalist analysts stress competition and cooperation, collective action dilemmas, and markets in an interdependent world and explain the main similarities in EU’s and China’s approaches to Africa, and inform African countries’ key strategic interests vis-à-vis outside partners. These interests on each side focus on economic growth as key to development: natural resources and energy security, and reversal of terms of trade, as well as rising trade and investment with and in Africa. In fact, the aspect of China’s economic development as a “capitalist” model different from the Western one provides a large part of the attractiveness of China for other developing countries (Liu 2014). For many people, China’s model has worked. The attractiveness of China’s “rags to riches” story also applies in Korea, which for that matter is easier to compare with the average African country in terms of size and population than China, which dwarfs the whole African continent (Wissenbach and Kim 2013). This attractiveness includes priorities with a focus on economic growth or enablers of growth, like infrastructure, industrial projects, pragmatism, and straightforwardness (as opposed to academically researched, sophisticated, sector-wide development approaches and capacity building).

China also used new approaches or made approaches work in distinctive ways that had not been successful elsewhere, like SEZs or other practices that China has used to propel itself from poverty to economic powerhouse in a generation. The danger in that global market-based assumption that China's success can be emulated is, of course, that what has worked in China does not necessarily work elsewhere for various reasons, ranging from different natural and economic conditions, different state capacity and governance structures, business practices, tribalism, and other differences (Bach 2013).

3. Constructivist approaches focus on identity, ideas, and norms for global governance and development, mutual learning, and purported role-relationships such as common development or neocolonialism. These differences in perceptions and self-perceptions explain the main differences in the EU's and China's approaches to Africa. All actors are in fact in a process of redefining their identities and roles in a changing world, most obviously China, as the long discussions about its "rise" or "peaceful development" reflect (Zhang 2012; Buzan 2010). Africa's identity and role are also in a fundamental shift. African independence happened during the Cold War, and new countries were wooed by both superpowers (and China). After the Cold War, their strategic value dropped close to zero and Africa's development became almost exclusively framed in humanitarian terms. The economic changes in the global environment (plus the concerns about terrorism) since then have had a major impact on the renewed strategic importance of African countries for outsiders and on African agency in world politics (Wissenbach 2007). The shift from Afropessimism to the more recent Afro-optimism has to do with such identity and perception shifts as well as with material realities in terms of economic growth, the commodity supercycle, and trade figures, and thus with China's rise itself. Finally, Europe's identity keeps evolving with the process of EU integration, but also with the negative impact of the economic crisis in recent years that has both dented Europe's material situation and created a strong perception of Europe's decline (even though the EU remains China's and Africa's most important trading partner and collectively the largest economy in the world despite the crisis). This has an impact on outside perceptions of Europe's hard and soft powers and also impacts on how Europeans see their role in the world. (Youngs 2013)

Apart from these macroprocesses of identity evolution, there are a number of other role relationships that are crucial for an understanding of the dynamics of the EU's and China's relations with Africa. Colonialism and the

North-South divide are defining paradigms in thinking about these dynamics even though one could argue that these are issues of the past. For both China and Africa, the shared experience of European colonialism/imperialism is an identity-defining moment (whether for real or for discursive purposes). The ideology of SSC allows the casting of economic relations between developing countries in terms of solidarity, while the North-South relations tend to be seen in exploitative (neocolonial) or unequal power terms. Politically, it allows an understanding of developing countries as equals despite big differences in size or resources, whereas developing countries' relations with European countries are usually perceived as unequal, hence, China's very strong rebuff of accusations of neocolonialism occasionally leveled at it and the importance of "equality, partnership and mutual respect" in policy documents. Conversely, the European aid narrative often promoted by celebrities and NGOs is strongly influenced by a perception of moral obligation, guilt, and charity that is often decoded as patronizing interference in line with colonial traditions.

How to frame these choices is not merely an academic debate for analysts. It also has very direct policy implications for developing countries and the global development governance. The main consequence of China's rise in this respect is a suddenly enlarged policy space for a large number of developing countries. Countries now have choices of partners and development approaches beyond the "traditional donors" whose diversity had been limited through the OECD-DAC guidelines or the "Washington Consensus" (without that making aid more effectively coordinated or cooperative; Chandy and Kharas 2011).

However, the increased policy space can also be an illusion: China is as capitalist as the traditional industrialized countries. And the downside of its lack of a colonial past is that it does not have the "charitable or moral impulse" of European donors that African recipients have gotten used to in negotiations with foreigners, especially since the Gleneagles Group of 8 (G8). Today's South-South ideology is in fact quite empty compared to earlier quests for alternative economic policy approaches and solidarity, which is not what business deals are about. But SSC calls for a more pluralistic economic order in terms of numbers of actors, different sources of funding, and development models, while the fundamental relations among actors are similar: competition and profit maximization is the name of the (capitalist) game. Dependence or interdependence is now more pluralistic, but within another context than the political and economic system rivalry of the Cold War when African countries' independence occurred.

The UN definition of SSC emphasizes the "psychological comfort zone" (Wissenbach 2011): "a common endeavour of peoples and countries in the South, born out of shared experiences and sympathies, based on their

common objectives and solidarity...free from any conditionality.”⁷ The Nairobi Declaration on SSC specifically stresses that SSC is not a substitute for North-South cooperation, but rather “a complement to it.” But at the same time it insists that SSC should not be seen as official development assistance. Hence, China’s position outside the traditional North-South donor framework is widely endorsed in the UN context.

The increased choices, however, also require more strategic thinking, planning, and responsibility (notably in terms of budget allocation for big infrastructure projects, which is very different from the responsibility of receiving donations on top of government budgets) and a clear articulation of (development) interests and objectives by the African countries. Development cooperation usually requires a functioning domestic polity. Often, at least initially, China ignored the dysfunction and pitfalls in many countries that are very different from the Chinese domestic context (Liu 2014). These are captured in the characterization of most sub-Saharan African countries as neopatrimonial in contrast to Asian developmental states (Bach 2013). Many African countries have no clear strategy toward China or base it on assumptions that are not always well researched. A major pitfall can be the negotiation capacity of developing countries when dealing with more powerful/resourceful partners (be they foreign governments or foreign investors). It is not simply because a foreign investor is from a developing country (Chinese company) rather than from a former colonial power (European company) that a developing country gets a better deal. Ultimately, the alternative that China provides to developing countries is an enhanced responsibility to make the “right” decision in the “national” interest, hence the importance of understanding how the domestic policy process produces such “national” interest, which in some countries in reality is a family, clan, or tribal interest.

This “competition for suitors” certainly enlarges policy space, but in terms of development results the crucial issue tends to lie with domestic development priorities and plans and the capacity to implement them.

Frameworks for Development Cooperation (Multilateral, Bilateral, Trilateral)

There is a global, albeit nonbinding consensus on the MDG as an overarching framework built on the Millennium Declaration. Since the MDGs are supposed to be achieved in 2015, there is now a global debate about a new global consensus for the post-2015 development challenges, which are likely to encompass a number of global public goods/bads that affect development like security or climate change. The EU promotes a Global Partnership for Effective Development Cooperation flowing from the Busan Process of development effectiveness and building on existing frameworks

such as the UN, the BWI, and the OECD-DAC. This global partnership specifically aims at bringing on board all actors, including the private sector, civil society, charities, and, of course, China and other emerging countries.

It is unlikely that China would want to bind itself formally to such a Global Partnership. As in other multilateral negotiations, China is likely to insist on the differences between obligations for industrialized countries and voluntary action according to capability by developing countries and to reject an entangling web of rules or procedures or formal multilateral commitments. This is based on its principled independent foreign policy and on its perception that Western rules on development (such as the aid effectiveness process) have not worked in the first place and enjoy little support by developing countries as recipients (Chandy and Kharas 2011: 745). China is wary that multilateral rules have been—and often continue to be—formulated without adequate representation and input by China and developing countries in general. Hence, there is a general suspicion and reluctance toward Western-led processes. Moreover, China has little to gain from joining such processes (Läidi 2012; Kim and Lightfoot 2011).

China is more engaged in new processes such as the Group of Twenty (G20), which also put development on its agenda at the initiative of Korea in 2010 despite the reluctance of most Western countries to enlarge the G20 core business (Fues and Wolff 2010; Wissenbach 2010). China also successfully pushed for stronger representation in the BWI while pursuing alternative multilateral frameworks such as the BRICS' (Brazil, Russia, India, China, and South Africa) New Development Bank.

China's reluctance to engage in Western-led processes also became clear in the negotiations of the 2011 Busan Partnership for effective development cooperation,⁸ in which China (and India) reluctantly participated, but introduced a general reserve that they do not see SSC as aid and themselves as bound in any way by ODA principles.

Through involvement in "club governance" such as the G20, China is almost forced to take the role of champion of developing countries to deflect criticism from non-G20 countries for breaking developing country solidarity (the Group of 77 [G77] and the China bloc) (Fues and Wolff 2010: 1). China regularly calls on OECD donors to respect their financial commitments and points to its domestic development challenges and weaknesses (Li 2014) in refuting perceptions (in the West, but also among developing countries) that it is a strong power and the expectations of international responsibility that come with the great power status. For some observers, this is a genuine balancing act (Wissenbach 2011), while for others merely free-riding behavior (Lieber 2014) or hard-nosed self-interest (Sanusi 2013). This makes China's engagement with the EU and other Western development partners rather difficult.

Impact on EU-China Relations

The initial debate about China in Africa was highly controversial, and often bitter and usually ill-informed. The EU took the initiative in 2007/2008 to engage China and Africa in dialogue and possibly trilateral cooperation in selected areas of common concern like peace and security, regional infrastructure, and sustainable use of natural resources or agriculture (European Commission 2008). As a result, the EU and China also conduct an annual dialogue on development and a political dialogue on Africa. The political dialogue addresses political and security issues, usually crisis spots in Africa, while the development dialogue promotes a better mutual understanding of development approaches. The constructive approach by the EU since 2007 has made it easier for China to engage with Europe even on sensitive issues such as the crises in Darfur (2008) or South Sudan (2013/2014) or the fight against piracy off the coast of Somalia, where EU and Chinese navies operate side by side and informally coordinate at working levels, and even carried out a joint exercise (Barton 2013; EEAS 2014).

An initially divisive issue has thus become a normal feature of EU-China relations and part of important exchanges that lead to better mutual understanding and mutual learning. This process has also accompanied and perhaps contributed to the evolution of the EU's approach to development in Africa away from a focus on ODA toward a more economy-centered paradigm that includes cooperation with nontraditional partners and the private sector. On the Chinese side, the confrontation with the EU on an ideological level, rooted in a Cold War anti-imperialist discourse, has slowly given way to a more sophisticated understanding of the complex challenges of development and the need for multilateral discussions and possibly coordination manifested in the Busan Declaration and the post-2015 discussions. The agency of the AU as a platform for Africa's international partnerships has undoubtedly been enhanced.

However, as Kaya (2014: 214) argues, "China's rise is negatively affecting the European Union (EU)'s ability to act as a 'normative' and 'civilian' power in international relations" and especially to pursue what Kaya (2014: 216) calls "new sovereignty" (spreading human rights and good governance): "China is challenging the EU's ability to spread new sovereignty by using its economic muscle in Africa to advance the traditional version of sovereignty." Kaya (2014: 225) also cites the European Consensus on Development to describe that purported EU concept of "new sovereignty." There is some truth in this argument, but on the one hand African countries have long opposed political conditionality, and China's presence merely strengthens these positions. On the other hand, African countries, through the AU Constitutive Act, have subscribed to a similar canon of democracy,

the rule of law, and human rights as that upheld by the EU, and even the right to interfere should unconstitutional changes of government occur in an AU member state. This does not support a polarizing generalization such as Kaya's. More broadly, China's rise has not necessarily affected the EU in a zero-sum logic, as the increase in EU-Africa trade in parallel with the increase in China-Africa trade has shown (Kaya 2014: 215). Where Kaya is right is that in general terms, African choices enhance African political agency, but there is little evidence that China's political model is attracting support. The attractiveness of China is developmental, financial, and only to a limited extent—the South-South comfort zone—normative.

Conclusion

The impact of different approaches to development and toward Africa on EU-China relations has been defining, but both sides have developed constructive approaches to a potentially highly divisive issue in line with the general pathway pursued in EU-China relations over the past two decades. The potential for divisiveness exists in all the frameworks—realist, liberal, and constructivist. However, even if China's ideological approach to development is different from the EU's, the fact that it contributes to Africa's development and at least tentatively engages in multilateral processes (MDG, Busan Declaration) or with multilateral organizations (AU, African Development Bank, World Bank) and dialogues with the EU and others, China does in its own way contribute to the global public good "development" in a globalist-liberal framework. But development goes beyond global governance: "Developed, emerging and developing countries take common but differentiated responsibilities for the global good 'sustainable development.' Yet development is not principally a global good, but remains essentially defined as something (wealth and power) a nation wants to achieve within its boundaries" (Wissenbach 2010). So there is a whiff of realism, while the realist core argument of a new scramble for Africa is overblown. Sensitivities about identity and role relationships also remain, as misunderstandings and perceptions frequently persist or are fueled by rhetoric. Hence, a global consensus will remain elusive (and those who advocate one need to make a better case for why such a global consensus is necessary).

However, the current situation of careful engagement in bi- and trilateral ways has shown the maturity of the EU-China strategic partnership, while also benefiting each side's relations with Africa as well as the African partners. The overall characteristics of EU-China relations of competition and cooperation, of devising strategies to manage important normative differences bilaterally and in the global arena are reflected in EU and Chinese governance of global development issues.

The dialogues fulfill an important function in promoting a better understanding of each other's interests and values. This does not necessarily mean that China and the EU become aligned on similar principles, but they help identify common ground. Differences in approach will remain for several reasons: they are related to material capacity, foreign policy interests, and value differences, and they are desired by the partner countries in order to enhance policy choices. Therefore, the search for complementarity and synergy, as well as the rules of the competitive game is an important objective, while attempts at global consensus on development are bound to fail once one extends it from the common objective (MDG) to the ways, means, and principles of achieving those objectives. Hence, a functional multilateralist approach that allows cooperation around joint interests, rather than a normative competition over an elusive universal approach seems more promising for enhancing global governance in the development field. Diversity is enriching global governance.

Notes

1. The DAC defines ODA: OECD (2010).
2. More on those: http://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/t18001.shtml.
3. When there is a government-to-government agreement between China and African partner countries, SOEs submit project proposals to the Ministry of Commerce, which will select qualified contractors. On selecting contractors, the Chinese government has an alternative method of quality control rather than competitive bidding, especially in infrastructure development projects in Africa. Government's trust in an individual company is important for obtaining the contract. Once a SOE is appointed, it will draft a contract between the Chinese side and the recipient side that includes: the responsibilities of each side, the price of the contract, and the pooling of money, etc. The contract will be submitted to the Ministry of Commerce of China to obtain approval; then this company will be the representative of the Chinese side to negotiate with the recipient government for details of the contract, usually together with the economic counselor from the Chinese Embassy.
4. Liu (2014: 3–4): "The China Model also requires suitable and evolving institutions, as well as the maintenance of long-term stability of the political system. This is in direct contrast to the instability of many African political systems and societies... and their lack of viable administrative and bureaucratic systems."
5. <http://www.pewglobal.org/2014/07/14/global-opposition-to-u-s-surveillance-and-drones-but-limited-harm-to-americas-image/pg-2014-07-14-balance-of-power-2-01/>.
6. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/fr/ec/142095.pdf.
7. Nairobi outcome document of the High-level United Nations Conference on South-South cooperation, February 23, 2010, <http://ssc.undp.org/content/>

dam/ssc/documents/Key%20Policy%20Documents/Nairobi%20Outcome%20Document.pdf, here para. 18.

8. http://effectivecooperation.org/files/OUTCOME_DOCUMENT_-_FINAL_EN2.pdf.

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